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## NEWS SUMMARY

### GENERAL BUSINESS

**Angolan Equities**  
**SWAPO up 1.6;**  
**Gilts**  
**recover**

**Equities advanced** on news that some public sector workers had voted to accept pay offers. The FT 30-share index closed 1.6 up at 486.3.

**Gilts recovered**, shorts more than regaining early falls to close higher on balance. Longs, down 1/2 at one stage, reduced losses generally to 1/2. The Government Securities index fell 0.42 to 71.15.

**STERLING** remained firm, rising 23 points to \$2.6250. Its trade-weighted index was unchanged all day at 64.3. The dollar's depreciation was also unchanged at 8.2 per cent.

**GOLD** rose 5/8 in London to close at \$239.1. In New York the Comex March settlement was 237.50 (234.80).

**COFFEES** closed 1/8 up at \$1.423 a tonne on the London market after trading at \$1.353 at one stage.

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## EMS go-ahead is likely after France accepts compromise

BY MARGARET VAN HATTEM IN BRUSSELS

The proposed European Monetary System, which has been blocked since last December, appears likely to be implemented shortly.

France, which in December held up EMS with demands for changes in EEC farm pricing arrangements, indicated yesterday that it was ready to accept EEC Commission compromise proposals.

This would remove the biggest obstacle to introducing the system, originally devised by France and Germany as a means of stabilising EEC currencies.

Some difficulties, though less serious, remain. Britain has reservations over the Commission proposals and is insisting on a commitment to a protracted freeze on most common farm prices. Italy is demanding immediate devaluations of the British, Irish, French and Italian "green" rates, used to convert EEC common prices from units of account into national currencies. This would give farmers in these countries an immediate price rise.

These problems may be sorted out when EEC heads of government meet in Paris next week. However, the French have indicated that they will probably disregard the British position and lift their objections to the EMS if the Commission's proposals were formally accepted by the other EEC members. At this stage all seven appear amenable.

The Commission's proposals represent little more than a face saver for the French, who blocked the EMS with demands that Monetary Compensatory Amounts, the subsidies and levies paid on farm trade to neutralise the impact on national farm prices of currency fluctuations, should not be allowed to grow on a permanent basis.

The Commission proposed a flexible plan for getting rid of MCA over a basic two-year period. Trading delicately between the French demands and German insistence that national farm prices should not drop as a result.

German MCAs subsidise farm exports so if the Deutsche Mark rose significantly the Germans would need either a larger MCA or a rise in common prices to maintain their farmers' incomes. The Commission's proposals would not force the Germans to cut their MCAs if the Deutsche Mark rose, and therefore fell short of the original French demand.

Britain yesterday rejected the proposals until they had been amended to include a commitment to freezing prices on surplus commodities while large stockpiles remain. France, as

president of the Council of Ministers, subsequently proposed a much weaker amendment saying that decisions relating to the EMS should not affect farm price policy. It also endorsed the Commission's proposals for the green devaluations provided the rest of the package was accepted.

Since it omitted any reference to a price freeze, this may not be strong enough to satisfy Britain.

The Italian demand for "green" currency changes, however, would need British approval and can be seen as a lifeline to the UK preventing its being isolated while the other eight go their own way as happened last year over the fisheries policy.

Mr. John Silkin, the British Agriculture Minister said yesterday he could not approve the green rate changes without further discussions in London.

Since the other farm ministers, if they approve the Commission proposals, are likely to make this conditional on approval by their respective governments, the issue is unlikely to be resolved before the EEC summit.

## Marked deterioration in U.S.-German relations

BY JONATHAN CARR IN ECNN

RELATIONS between West Germany and the U.S.—main pillars of the Western alliance—have markedly deteriorated and threaten to become still worse.

According to high officials from both sides, the deterioration is not just due to personal friction between members of the Washington and Bonn administrations—although this is certainly one reason.

Some of those advising President Jimmy Carter (though clearly not Mr. Cyrus Vance, the Secretary of State) are thought here to be either anti-German or to show little understanding for serious German concerns. It is felt that these advisers increasingly have the President's ear.

On the other hand, U.S. officials in no way hostile to the federal republic express irritation at what they feel to be a certain German arrogance, particularly on economic matters. It is in this uneasy atmosphere that major issues including defence, East-West relations, economic strategy and nuclear policy are having to be faced.

Personal friction and policy differences are not new in the German-American relationship. But they are felt to be more significant today because of the growing political weight of West Germany in world affairs and what is seen in West Germany as the apparent unwillingness—or incapacity—of the U.S. to exercise strong leadership.

U.S. officials admit that Washington has relied increasingly on Bonn as the only European ally with the economic health and firm leadership to act quickly and effectively when needed.

This has implied some bypassing of long-winded European and NATO discussion and, with regret, some downgrading of the British connection—which the Americans would have preferred to use had British economic conditions allowed

good prospects of success.

The upshot is that as Bonn has become more important to the U.S. it has also become more alien and more prepared to raise a dissenting voice when disturbed by the direction, or apparent lack of it, of U.S. policy.

In East-West relations, West Germany sees its vital interest in a policy, initiated by the U.S., which is not only firm towards the Soviet Union but clearly calculable by Moscow.

Without this clear policy line, Bonn believes, détente would be threatened, hitting prospects of further improvement in East-West German relations.

Although President Carter indicated at the Gueloupe summit that ties with Peking must not be forged at the expense of relations with Moscow, events since have caused Bonn to fear that this may happen.

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## Lloyd's syndicate faces £13m loss

BY JOHN MOORE

THE TROUBLED Lloyd's of London underwriting syndicate headed by Mr. Frederick Sasse faces a total loss of over £13m.

Those members of the 110-strong syndicate who have underwritten a standard share of the premium of £40,000 could have to pay up to £156,000 each.

The syndicate members were told in detail of their losses at a meeting organised at Lloyd's yesterday by Merrett Dixey Syndicates, the underwriting agent which has been managing the affairs of the syndicate since last April, at the request of Lloyd's.

The members of the syndicate were told by Mr. Stephen Merrett, Merrett Dixey chairman, that during 1976 the syndicate had exceeded its Lloyd's premium limits by two and a half times.

Against a premium limit of £4m, which the syndicate was entitled to accept, it had in fact underwritten £10m.

Mr. Merrett explained that this would not have been such a problem if suitable reinsurance had been arranged to help meet the claims arising from the amount of extra business that the syndicate was taking on.

But this was not the case. The principal source of the syndicate's losses—£5m (£16m) arises from its contractual arrangements with Mr. Dennis Harrison, an insurance specialist in the U.S. Mr. Harrison produced 1,300 fire and damage to property risks for insurance by the syndicate.

Reinsurance was arranged for the syndicate on the bulk of the Harrison business with the Brazilian Reinsurance Institute, which has refused to pay claims. The case is going through the courts.

Other losses have arisen on Canadian fire risk business which could amount to £36m (£22.5m). On top of this the syndicate could also face \$6m (£3m) losses on computer leasing insurances.

Since the Sasse syndicate has been under the management of Merrett Dixey, Merrett's auditors, Baker Sutton, have unearthed a number of accounting irregularities and the City of London Police Fraud Squad has been called in to investigate.

Meanwhile, Merrett Dixey is contemplating taking legal action against a variety of parties involved in the placing of the fire insurances with the syndicate.

## Callaghan plans devolution vote

By Richard Evans, Lobby Editor

THE PRIME MINISTER prepared the ground yesterday for the repeal of the Government's legislation on Scottish devolution, but he hinted that the final battle could be some weeks off.

In his first public statement on the difficult tactical problem that faces the Government following the inconclusive result in last week's Scottish referendum Mr. Callaghan told MPs the Cabinet had no intention of hastily abandoning its devolution commitment.

But when faced with Tory pressure he confirmed that the Government intended to bring forward draft orders repealing the Scotland and Wales devolution Acts following the failure to attract the votes of 40 per cent of the electorate.

The Cabinet meets tomorrow for the first time since the referendum to consider tactics. The prospect of trying to resurrect the devolution proposals by voting down the orders has already been virtually abandoned.

The question to decide will be how long the Government can stall. The signs last night were that the Scottish National Party would be prepared to give the Government only about three weeks before pressing hard for a vote.

Another tricky decision will be whether to impose a three-week whip in order to give a respectable vote in favour of devolution and placate both the nationalists and Labour's pro-devolutionists, or whether to allow a free vote.

Mr. Callaghan's attitude yesterday was that the Government's record on devolution over the past two years had been good.

The Cabinet's clear intention is to win as much time as possible in order to allow the introduction of the Budget on April 3 and the passage of the subsequent Finance Bill.

Mr. David Steel, the Liberal leader, gave the Government little ground for comfort in a speech last night in which he criticised the handling of the devolution legislation and the referendum campaign.

Parliament, Page 12

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## Union split on health service pay offer

BY CHRISTIAN TYLER, LABOUR EDITOR

THE COUNCIL workers' pay dispute was declared virtually at an end yesterday, and one union predicted a return to normal working by the start of next week.

But the industrial action by hospital workers, which has meant emergency-only work in many parts of the country, could continue for some time after a serious split between the trade unions.

The anger of hospital workers compared with their local authority colleagues has been evident for months. Any decision to reopen bargaining on their behalf, however, will severely test the newly-

NUPE to fall in line and accept the Government's offer in spite of its members' votes. They heard that their own union's regional delegate conference had shown an overall majority for acceptance in local authorities and in health and ambulance services.

The TGWU, whose own lay delegates have already accepted for local government and health, will join the GMWU against NUPE. Both the unions are privately extremely angry with NUPE's conduct of the dispute, and its executive's decision to recommend rejection of the offer of 9 per cent on earnings, plus a comparability study, with

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HOW THE UNIONS ARE LINING UP			
	Unions†	Seats on negotiating body	Decision
Local authorities	NUPE	9	Accept
	GMWU	12	Accept
	TGWU	9	Accept
Hospital ancillaries	NUPE	4	Reject* (Result today)
	CoHSE	4	Accept
	GMWU	4	Accept
Ambulance men	NUPE	8	Reject* (Result today)
	GMWU	5	Accept
	TGWU	5	Accept
	CoHSE	1	in progress (Result today)

\* Subject to national executive confirmation. † Membership strengths are a matter of dispute.

appointed Government co-ordinator of public sector pay negotiations, Mr. Roy Hattersley, Prices Secretary.

Recommendations for industrial action to be stepped up in hospitals and the ambulance service will be considered by the leadership of the National Union of Public Employees today.

Any hopes of a clean end to the six weeks of industrial action were dashed yesterday when the result of NUPE's branch voting showed overwhelming rejection of the latest pay offer by hospital manual workers and ambulance men.

Crucial to development over the next few days will be today's count of a ballot conducted by the other big health service union, the Confederation of Health Service Employees. The unions think the vote will be close, but NUPE expects CoHSE's hospital and ambulance workers will also reject the offer.

Even before CoHSE's decision, General and Municipal Workers Union leader's decided at a special executive yesterday to put maximum pressure on

appointed Government co-ordinator of public sector pay negotiations, Mr. Roy Hattersley, Prices Secretary.

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Crucial to development over the next few days will be today's count of a ballot conducted by the other big health service union, the Confederation of Health Service Employees. The unions think the vote will be close, but NUPE expects CoHSE's hospital and ambulance workers will also reject the offer.

Even before CoHSE's decision, General and Municipal Workers Union leader's decided at a special executive yesterday to put maximum pressure on

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NS  
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Currencies  
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FT  
Gardening  
Int. Companies  
Lender  
Letters  
Lex  
Lombard  
Management  
Men & Matters  
Mining  
Money  
Overseas  
Parliament  
Racing  
Saleroom  
Share Information  
Stock Markets  
Technical  
Well Street  
Wholesale  
Today's Events  
TV & Radio  
UK  
General  
Labour  
Unit Trusts  
Weather  
World Trade News  
INTERIM STATEMENT  
Vintners  
ANNUAL STATEMENTS  
Edin. Amer. Assn  
Lonsdale Univ.  
Prospect Group  
Renter Plus  
Trusts  
Trusts Discount  
Trust Houses  
Union Corp.

**CHIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

RISKS		FALLS	
Price	%	Price	%
Exchequer Sps 1983	5811 + 1	Treas. 13pce 2000-03	235 - 1



EUROPEAN NEWS

Lisbon and IMF disagree on deficit target

BY JIMMY BURNS IN LISBON

THE Portuguese authorities and the International Monetary Fund (IMF) disagree over the target for the reduction in Portugal's current account deficit...

French in disarray on jobless debate call

By Robert Mauthner in Paris

THE DEMAND by M. Jacques Chirac, the Gaullist leader, for an extraordinary session of Parliament to discuss the critical unemployment situation...

Silkin's stand keeps EMS firmly grounded

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Agricultural Ministers arguing here over farm pricing arrangements are not talking about farmers. The objections raised by Mr. John Silkin, the UK Minister...



Principal protagonists in the dispute over farm prices and attempts to start the proposed European monetary system are Herr Josef Ertl, the West German Agriculture Minister (left), M. Pierre Mehalger, Minister of Agriculture and Rural Development in France (centre), and Britain's Agriculture Minister, Mr. John Silkin.

and a phrase saying that rises in common prices would be offset, as a matter of priority, by cuts in the MCAs of strong currency countries such as Germany.

Rail protest in France

BY TERRY DODSWORTH IN PARIS

THE WAVE of industrial action against redundancies, which has run through French industry this year, moved to the public sector yesterday...

Danish strikes postponed

BY HILARY BARNES IN COPENHAGEN

THE DANISH labour mediator has ordered a 14-day delay in planned strikes and lock-outs which will paralyse most of industry...

Chemical arms talks start

BRIJ KHINDARIA IN GENEVA

NERVE GASES and defoliants such as those used during the Vietnam war are among chemical weapons that could be banned under a treaty...

West German unemployment falls to 5%

BY ADRIAN DICKS IN BONN

WEST GERMAN unemployment declined slightly during February, despite continued hard weather which again prevented much building and other outdoor work.

Schmidt pledge to Turkey

By Roger Boyes in Bonn

CHANCELLOR Helmut Schmidt of West Germany has reassured Mr. Ziya Muezzinoglu, the Turkish Foreign Minister, that Bonn will "play a substantial role" in an emergency aid package for Turkey.

Scheel declines to stand again

BY JONATHAN CARR IN BONN

PRESIDENT Walter Scheel of West Germany said yesterday he would not stand for a further term, despite strong pressure from the Government coalition parties that he should do so.

Witnesses called to clarify pre-war loan

BY OUR BONN STAFF

THE CASE of five western nations seeking to define the repayment terms of a pre-war loan to Germany received a substantial boost yesterday when an international tribunal ruled that they could call two important witnesses at a Bonn hearing.

Charles Batchelor, recently in Limburg, on the attempts to create a new industrial base in a "forgotten" region.

Coming in-haltingly-from the cold

HOLLAND IS a small country, the Dutch never tire of saying. But it still encompasses striking regional variations and for people living in the most southerly province of Limburg...

entitled "Perspectives For South Limburg", aimed at easing the problems in the most badly affected area, was the subject of debate in Parliament at the end of last year and Mr.

coming under pressure. DSM, which employs nearly 13,000 workers locally in its chemical operations, recently announced it must shed 2,500 jobs over the next few years.

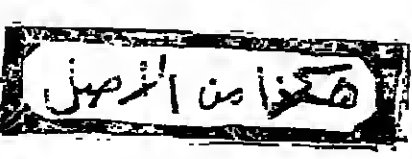
Several injured in Ceuta bomb blast

By Robert Graham in Madrid

SIX PEOPLE are in a serious condition following a bomb blast on Monday night at a hotel in the Spanish enclave of Ceuta on the Moroccan mainland.



Limburg can call on substantial development aid to help industry set up. It benefits from the recently revised investment account law (WIR) which, by paying premiums in the form of a negative corporation tax...





مكتبة الأهل

Vietnam agrees to talk but fears trickery

BY RICHARD NATIONS IN BANGKOK

VIETNAM said yesterday that it was willing to negotiate with China, but only after all Chinese troops had withdrawn from Vietnamese territory.

declaring a general withdrawal on March 5, Chinese troops continued their attack on Vietnamese territory.

The statement came in response to an official declaration issued in Peking on Monday, announcing that a complete withdrawal of Chinese forces from Vietnam was underway.

The situation on the ground as yet produces no convincing intelligence that a Chinese withdrawal is underway.

On March 1, the Chinese officially proposed negotiations to the Vietnamese at viceministerial level, aimed at ending the conflict, which began on February 17, and settling their disputes.

Radio Hanoi's battle report for Monday said fighting was still going on in three provinces—Lang Son, Cau Bang and Hoang Lien Son. Neither side has announced a ceasefire.

Vietnam said yesterday that it would be willing to enter into such negotiations at a time and place approved by both sides for the restoration of normal relations between the two countries.

Moreover, it is not clear whether the two sides agree on the demarcation of the border.

But the Vietnamese left little doubt that they questioned Chinese intentions to withdraw. The statement said that after

Non-oil Arab states seek aid for imports

By Kathy Bishawi in Abu Dhabi

NON-OIL-PRODUCING Arab States have suggested the establishment of a special fund aided by producing Arab nations to help them foot their oil bills.

The December price increases imposed by members of the Organisation of Petroleum Exporting Countries (OPEC) are affecting the development strategies of several Arab countries.

At a closed session of the Arab Energy Conference in Abu Dhabi last night, Sudan proposed the creation of a special fund to subsidise oil bills.

However, officials say that the proposal was received coolly by the Arab oil producers. Shortly after the imposition of the OPEC increase, Kuwait ruled out any direct subsidies when the suggestion was made by Mr. Jaafar Nimari, Sudanese President.

U.S. aid would sweeten Mideast concessions

BY DAVID LENNON IN TEL AVIV

THE U.S. compromise proposals which appear to have broken the deadlock in the Egypt-Israel negotiations constitute a package of concessions by both sides, sweetened by promises of substantial U.S. aid, according to Press reports in Israel.

Israel is being asked to agree to complete the negotiations on self-rule for the Palestinians within 12 months, although no date is set for establishment of the autonomous institutions.

It is also reported that the U.S. has agreed to provide \$5.5bn to cover the cost of Israel's withdrawal from Sinai and redeployment in the Negev.

It is further reported that the U.S. has promised to supply Israel with 2.5m tonnes of oil annually in the event of an Egyptian refusal to provide it from the wells which Israel discovered in the Gulf of Suez and

will be handing over to Egypt under the terms of the treaty. Mr. Menahem Begin, Israel's Prime Minister, is reported from the U.S. as saying that he has accepted a U.S. offer of a defence treaty. This has caused speculation here that the U.S. may establish military bases in Sinai and possibly Israel.

Egypt, in return, is being asked to implement the terms of its treaty with Israel regardless of the pace of progress on the Palestinian issue.

A further proposal is that the domestic standing, but also on the attitude of Egyptians towards the U.S.

This will be more marked because of the revolution in Iran, the upsurge in Islamic militancy and the already significant loss of U.S. prestige.

The initial reaction of some Egyptians last night to Mr. Carter's decision was one of deep disillusionment. They felt his trip to Cairo must have been motivated more from what were seen as American interests, rather than to assist Egyptian interests which lie essentially in securing the basis for an overall Middle East settlement that might prove tempting to other Arab nations.

Such is the suspicion now of Mr. Begin that the speed with which the Israeli Cabinet yesterday approved the new American proposals for breaking the deadlock was seen as evidence that Mr. Carter's fresh ideas had been more cosmetic than substantive. In which case, it was argued, the reason Mr. Carter was coming to Cairo, was to put heavy pressure on President

Carter must reawaken Egyptian optimism to succeed

BY ROGER MATTHEWS IN CAIRO

THE VISIT by President Carter to the Middle East this week marks a critical though not necessarily final stage in the peace process launched by President Anwar Sadat of Egypt in November 1977.

Since Mr. Sadat's momentous visit to Jerusalem the mood in Cairo has changed from euphoria to one of suspicion and some disillusionment. Opposition to the Camp David accords, signed last September, has increased among the more politically aware Egyptians as it has appeared from here that Israel's Prime Minister, Menahem Begin, adopted an increasingly legalistic and obstructive stance.

One of the main subsidiary tasks for Mr. Carter when he visits Cairo tomorrow will be to try to reawaken the spirit of optimism.

The American president, on his first trip to Cairo though not his first to Egypt, can be assured of a warm popular welcome. However, should he fail in his efforts, the effects will be damaging not just for his own international and

domestic standing, but also on the attitude of Egyptians towards the U.S. This will be more marked because of the revolution in Iran, the upsurge in Islamic militancy and the already significant loss of U.S. prestige.

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Throughout the past 15 months both Egypt and Israel have constantly manoeuvred to avoid being put into the position of making the final decision. Events in the next few days are sure to see a repetition of that process, raising the danger for Mr. Carter that he might get trapped into Kissinger-style shuttle diplomacy.

Mr. Carter and Mr. Sadat can be expected to divide their talks into three inter-related areas. FIRST, the issues surrounding the signing of a peace treaty. These include Article Four of the draft treaty which will define the revision of security arrangements in Sinai after a five-year period and Article Six which defines Egypt's defence commitments to other Arab countries in relation to Israel.

Then they have to seek a solution to Egypt's demand for the treaty to be linked with Palestinian progress towards autonomy on the Israeli-occupied West Bank and Gaza Strip. Some small Israel flexibility on these issues has been noted by the Americans, but clearly it is not enough for other Arab countries of the Palestinians, and may well be insufficient for Mr. Sadat.

SECOND, U.S. economic support for Egypt and Mr. Sadat's scheme for a \$15bn five-year "Carter Plan". The U.S. already provides \$1bn a year in all forms of aid, faced with the prospect of an at least partially effective Arab boycott if the treaty is signed, Egypt will want to ensure a more substantial future Western commitment.

THIRD, security issues in the Middle East and the risk of increased Soviet influence, coupled to Mr. Sadat's inclination to play a more emphatic role in supporting friendly Arab and African countries which feel endangered.

Mr. Zbigniew Brzezinski, the head of the U.S. National Security Council, who arrived in Cairo this afternoon, is expected to concentrate on this issue.

Mr. Sadat has already tabled the outlines of his military armaments requirements and the availability of supplies will doubtless largely depend on his readiness to sign a peace treaty with Israel.

China's modernisation programme cut back

BY COLINA MACDOUGALL

CHINA HAS begun a major reorientation of priorities in its modernisation programme, reducing its steel investment plan and concentrating instead on agriculture and light industry. This is the message of a series of recent editorials on industry and the economy in the People's Daily. It is confirmed indirectly by delays over the contract with Japan for the Baoshan steel project near Shanghai and the lack of specific agreements during the visit to Peking by Mr. Eric Varley, Britain's industry secretary.

The usefulness of imported know-how in improving standards in light industry was recognised by the People's Daily. Complete production lines, single machines or technical patents should be imported according to need, it said.

Investment in steel should be cut back, the People's Daily said, to step up agricultural production, and improve the coal, electricity, power, transport and building materials. Steel production should not be emphasised at the expense of other industries since it distorted the economy in favour of heavy industry.

The advantage of both agriculture and light industry over heavy industry was that the faster, the People's Daily argued. While this is debatable in regards to agriculture, the sector is clearly in need of funds since it is in a state of crisis after years of poor weather and political mishandling.

While the People's Daily did not refer to the impact of steel plant, this could hardly fail to be affected since China's plan for increasing steel output to 60m tonnes by 1985 seems to be based largely on projected purchases of equipment.

A recent Chinese broadcast said that the per capita grain allowance was now below that of 1957. Discontent over food and consumer shortages appeared to be one factor in the Chinese cities this winter. Presumably to alleviate the problem, Peking is planning to import 11m tonnes of grain this year, the largest ever annual purchase.

References in one editorial to "rash" and "impetuous" plans, while overtly directed at plant managers in China, seem to be an implied criticism of those who last year drew up the programme for Peking to more than double its annual produc-

tion of under 30m tonnes within eight years. The editorials did not say whether reductions all round in heavy industrial investment or only in steel were to be expected. However, it is clear that all funds freed by this shift in policy are to go to agriculture and light industry. This is also to include hard currency to buy foreign technology.

Yemen peace plea

KUWAIT — Arab League Foreign Ministers yesterday adopted a resolution calling for North and South Yemen to stop fighting immediately and withdraw all troops from their common border within 10 days.

Approval of the nine-point resolution, sponsored by Syria, Iraq and Jordan, was announced at the end of a 10-hour session.

The three countries mediated in a cease-fire between the two Yemens on Saturday but it quickly collapsed. The League also called for both sides to stop propaganda campaigns, reopen the frontier to commerce and normalise relations.

The 1979 Corporate Tax Conference

April 25 26 27 1979 Hyde Park Hotel London

Table with 2 columns: Part One Wednesday 25 April and Part Two Thursday 26 April. Lists topics like 'THE UK AS A TAX HAVEN?', 'COMPANY TAX PLANNING FOR TAX LOSSES AND RELIEFS', 'TAX ASPECTS OF INTERNATIONAL FINANCING OPERATIONS'.

Table with 3 columns: Topics for Friday 27 April. Topics include 'TAX PLANNING FOR UK COMPANIES', 'DEALING WITH THE TAX AUTHORITIES OF FOREIGN COUNTRIES', 'DEALING WITH UK EXCHANGE CONTROL RESTRICTIONS'.

The organisers are also going to hold an additional seminar on the 1979 Budget. It will cover all important new developments.

Registration Form. Fields include Name, Position, Company/Organisation, Address, Postal Code, Tel., Telex, Signature. Includes checkboxes for registration options and a list of hotels (Hyde Park, Chelsea) with room rates.

Status FURNITURE & DECORATING SUPERSTORE

Table showing financial performance for 1978 and 1977. Categories include Turnover, Operating Profit, Profit before Taxation and Extraordinary Items, Profit before Extraordinary Items, Profit available for Appropriation, Retained Profit, Earnings per share, Dividends per share (net).



AMERICAN NEWS

Car sales may encourage optimism about economy

BY JOHN WYLES IN NEW YORK

HIGH SALES of foreign passenger cars last month helped carry total retail deliveries 7.3 per cent above the figure for February 1978. With overall sales of foreign and domestic cars totalling 840,000 units, there is still very little sign of the reduction in consumer spending which is expected by many private economists. The February car sales figures are likely to be seized on by those, including the domestic car manufacturers, who argue that the economy has enough vigour to go through 1979 without recession. But as in previous months in the current model year, February brought mixed fortunes for the domestic manufacturers. The comparable month last year was a poor one for all, with domestic deliveries falling 5.7 per cent. Last month, however, General Motors reaffirmed its current market strength with a 9.8 per cent increase in sales to 387,391, to give it 58.4 per cent of the market excluding imports. Ford again failed to match this progress but did achieve a 2.8 per cent rise in sales to 188,845 (23.4 per cent of the market). Chrysler's sales fell 2.2 per cent to 78,200 (11.8 per cent of the market). American Motors recent sales slide continued with an 18.7 per cent drop to 9,391 (1.4 per cent of the market). Imports claimed 21 per cent of the market, compared with 19.8 per cent a year ago. Toyota, the leading importer, failed to share in the gain and continued its recent sales slide with a 14.8 per cent drop. Volkswagen maintained sales growth of recent months with a 25 per cent increase to 23,197 units. Total foreign car sales climbed about 11 per cent to 176,000 units. In yet another cheeky initiative to revive the flagging fortunes of Chrysler, Mr. Lee Iacocca, the company's president, sent 500,000 letters to owners of Ford cars, urging them to buy Chrysler next time. Accompanying the letters is Mr. Iacocca's new Chrysler business card which promises Ford owners "every consideration" if they present it to a Chrysler dealer. Although a pitch of this kind has been used by U.S. car companies before, Mr. Iacocca's gains piquancy from the fact that he was sacked from the Ford presidency last July.

Oil supply disruption 'may be past worst'

By David Lasselles in New York

U.S. ENERGY Secretary Dr. James Schlesinger indicated yesterday that as far as the U.S. is concerned, disruptions in the oil supply caused by the Iranian revolution may be past the worst. Testifying to a House committee hearing on energy, he said he saw nothing to indicate that all supplies would fall by the 10 per cent necessary to trigger petrol rationing in the U.S. Dr. Schlesinger had said at the beginning of the year that he would use the April 1 deadline to determine what action would be taken to counter possible oil shortages. However, since then, the political outlook for Iran has become clearer, and oil exports resumed this week, with the first deliveries to the U.S. expected in the second half of the month. But the U.S. does not expect Iran to bring oil production back to its pre-revolutionary level of over 6m barrel a day. Dr. Schlesinger said yesterday that Iran had indicated a level closer to 2m b/d; and he characterised the situation in Iran as still volatile. Because of the time-lag in delivering Iranian oil to the U.S., it could be a while before the home market for oil products eases. Exxon, the biggest U.S. oil company, yesterday joined other oil majors in restricting petrol supplies to its customers because of the Iran crisis. The company said it would keep deliveries this month at the same level as last year. This implies an effective cut of about 2-3 per cent. Exxon's move, which follows its announcement last month of curtailment of its international oil shipments, means that most U.S. oil companies have now responded to the Iranian shutdown by reducing supplies of oil products. AP reports from Washington: The U.S. Senate Foreign Relations Committee plans later this week to release a report said to cast serious doubt on the longevity of Saudi Arabia's oil fields. U.S. Administration and Congressional sources who declined to be identified, said the report has stirred controversy because of sensitivity in Saudi Arabia over the possibility its oil fields might be depleted by the mid-1980s. The New York Times said on Monday that Senate Committee staff members have concluded that if Saudi Arabia produces 14m-16m b/d, the country's supply would peak in six to 10 years. Some oil analysts believe that to meet the needs of the U.S. and other industrialised Western countries, Saudi Arabia will have to increase production to 14m-16m b/d. At present, Saudi production is less than 10m b/d. The Foreign Relations panel's conclusions were based partly on comments subpoenaed from the Exxon Corporation, a member of the Arabian American Oil Company, the consortium that produces Saudi oil. Mr. Jim Morakis, an Exxon spokesman, said, however, that the report's conclusions that Saudi Arabia's production capacity is severely limited is wrong. "We deny it," Mr. Morakis said in a telephone interview. Other sources said the oil companies feared being accused of taking more from the oil fields than was technically prudent. If the Saudi fields begin to run dry, officials estimate it would cost \$25bn-\$40bn to maintain present production levels.

World economy tops IMF agenda

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE UNCERTAIN state of the world economy, beset by higher oil prices and uncertain supplies, is the principal item on the agenda of Finance Ministers who will be convening here today for the half-yearly meeting of the International Monetary Fund's interim committee. The committee, under the chairmanship of Mr. Denis Healey, Britain's Chancellor of the Exchequer, is not expected to take any major decisions during the meeting which may be completed in one day. There are no outstanding issues affecting the IMF itself, such as quota increases or additional distributions of special drawing rights. However, there will be discussion once again of the so-called substitution account, which would enable member nations to change the composition of their foreign currency holdings. The committee will be studying a report on the subject prepared by M. Jacques de Larosiere, the IMF's managing director, and its executive directors, plus an additional study drawn up by the IMF staff. Theoretically, the committee could order a fully fledged IMF study of the issue, which would add greater legitimacy to the concept and which in due course would be placed before subsequent interim committee meetings for resolution. However, the feeling seems to be that the time is not ripe for such a substantial innovation in the international monetary system. Thus it is more likely, though not certain, that the committee will once again put off detailed consideration of the issue. M. de Larosiere's report on the substitution account differs significantly from that of his predecessor Dr. Johannes Witteveen in that Dr. Witteveen saw the idea as a vehicle for promoting greater use of the SDR as a reserve unit. However, in the last year, the IMF has authorised an additional allocation of 12bn SDRs spread over three years, thus removing some urgency from the issue. The general feeling now is that the creation of greater world liquidity is not necessarily desirable after the SDR distribution, the agreed 50 per cent increase in quotes and the establishment of the 10bn SDRs Witteveen facility to assist countries with balance of payments problems. Given the recent relative stability of the dollar, the U.S. is not at present over-keen to advance discussions on what amounts to a substitution account for the dollar. On the macro-economic level, the interim committee is meeting at a time when there is both uncertainty and divergence of views on the mid-term future for the world economy. Particular attention is likely to be focused on the persistent strength of the U.S. economy over the last two quarters and, in a familiar refrain, on the ability and willingness of Japan to do something about its trade and balance of payments surpluses. The clear fear of many countries is that the Carter Administration is presiding over an economy which is not responding to its attempts to bring down the rate of growth and inflation gradually. A sharp rather than a gradual downturn in the U.S. is felt to could have severe repercussions elsewhere. The relative stability of the dollar since last November has at least taken some of the heat off U.S. external policies, though there is bound to be close examination of U.S. projections for a contracting payments deficit in the light of the still vigorous economic expansion taking place. Japan may face a degree of criticism from the U.S. and from European nations on its trading policies. The same may be true of France, which is threatening not to sign the multinational trade negotiations in Geneva. With this in mind, the interim committee is bound to issue its standard condemnation of the evils of protectionism. Moving away from the dollar Page 19

New Volkswagen strike threat

BY OUR NEW YORK STAFF

ALLEGATIONS of harassment by supervisory staff lie behind a new strike threat by 3,300 production workers at Volkswagen of America's \$850m assembly plant in Pennsylvania. A meeting attended by almost 900 workers voted on Sunday to seek United Autoworkers Union (UAW) approval for a strike. The vote appears to be further evidence of tension in management-worker relations at the plant, which was closed for several days last October by a strike over the terms of the first three-year contract under which it would be operated. Production was again disrupted in early January by an unofficial stoppage over working conditions. Developments at the plant are being watched closely by a number of foreign car manufacturers which have been considering following the path blazed by Volkswagen (VW) into local U.S. manufacturing. Both Nissan and Honda of Japan have conducted feasibility studies on a U.S. plant and Toyota is also considering such an investment. It is thought that foreign manufacturers would like to avoid recognising the UAW, whose VW membership may be almost as much a problem for the union as it appears to be for the company. The large majority of Volkswagen's 3,300 workers have no previous union experience, their average age is lower than at many comparable U.S.-owned plants and according to the company more than 40 per cent are Vietnam veterans. But Mr. Joe Valentich, the local branch president of the UAW, told the Financial Times yesterday that neither age nor background was an important factor in labour relations there. A former steelworker, Mr. Valentich claimed that Volkswagen had hired "a lot of young supervisors who don't know how to treat people." The branch has lodged about 100 complaints over working practices and health and safety issues, many of which focus on the production standards being sought by VW. VW currently produces 650 Rabbit small cars a day

Canada car industry booming

TORONTO — Canada's car manufacturers report booming sales for the first two months of this year. "This sales momentum has been building since the turn of the year, demonstrating a continuing high level of consumer confidence and optimism in the future," Mr. Richard Colomb, vice-president and general sales manager of General Motors of Canada, said. General Motors sold 33,465 cars in February, a 14.8 per cent more than in February last year (28,164). Truck deliveries were 12,629 (11,814 last year). Together with Ford of Canada and Chrysler Canada, General Motors sold 164,057 cars and trucks in the first two months of this year compared with 151,112 for the comparable period of 1978. Mr. Kenneth Harrigan, Ford's vice president and general manager, said the new Mustang and Capri cars increased their share of the market at the expense of imports. Ford's small cars, the Pinto and Bobcat, showed a 31 per cent increase. Chrysler delivered 17,224 cars and trucks in February, a 6 per cent increase from the 16,246 sold in the comparable month last year. It was the second consecutive month of improved sales for Chrysler. American Motors (Canada) sold 1,025 cars in February compared with 1,618 for the comparable month last year. AP

Canada HAS asked the U.S. to waive research and development charges on the fighter aircraft on the Canadian Cabinet's "short list" — the General Dynamics F-16 and the McDonnell-Douglas F-18A. The Government wants to increase substantially the number of fighter aircraft it can eventually purchase from the U.S. Mr. Barney Danson, the Defence Minister, made the request in a letter to Mr. Harold Brown, the U.S. Secretary of Defence. A reply is expected in a few weeks indicating to what extent, if at all, Washington will waive the hundreds of millions of dollars in research and development charges. The U.S. Government levies research and development charges on each aircraft sold in an attempt to recover money given to manufacturers at the outset of an aircraft programme. These "start-up" costs are substantial, and the cost of the research and development charges applied to each aircraft is pegged to the number of aircraft expected to be sold. The current surcharge on the F-16 is about \$260,000 (\$250,000 per aircraft, and over \$51m for each F-18A). A surge in exports of manufactured products in January helped to push the Canadian monthly trade surplus to \$398m, up sharply from the \$310m surplus in December, the Government's Statistics Branch reported yesterday.

Canada aircraft price request

BY VICTOR MACKIE IN OTTAWA

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McGovern attacks SALT

WASHINGTON — Senator George McGovern said yesterday he might vote against the new Strategic Arms Limitation Treaty (SALT) treaty expected to be concluded soon with the Soviet Union.

The talks, instead of controlling the arms race, had only channelled it into new directions, the South Dakota Democrat said in a speech to the Senate. "I find it a sad obligation to contemplate a negative vote on the SALT II treaty... But this may be the only recourse left to us who believe the objective of real arms control is not important than the illusion of treaty presents," he said. The proposed treaty, which would have to be ratified by the Senate, has already come under attack from hawkish Senators who claim it will put the U.S. in a position of strategic inferiority to the Soviet Union. But Senator McGovern said "I think both the content of our arms planning and our approach to the negotiation have been infected by a yearning to disarm the hardliners by embracing their cause." Reuter.

Virgin Islands poll opens

VIRGIN ISLANDS — Polling took place yesterday in this eastern Caribbean U.S. territory on a proposed constitution which would give some 100,000 American citizens living here more authority over their own affairs. If the vote is Yes, the Virgin Islands will make major legal and local government changes. Until now, top municipal officials have been appointed by an elected governor and the court system has been largely the responsibility of the federal Government. The constitution calls for a city government on each of the major islands of St. Thomas, St. Croix and St. John. Currently, each island has an appointed administrator. It also calls for establishment of a local court system. Major criminal and civil cases are now tried in a federal court. Mr. Juan Luis, the Governor, and Mr. Melvin Evans, the territory's Congressional delegate, have both backed the new constitution. AP

Mexican prices rise by 1.4%

By William Chislett in Mexico City

MEXICO'S NATIONAL consumer price index rose by 1.4 per cent in February, compared with 3.5 per cent in January, according to the Bank of Mexico. Such an increase still, however, means that the Government is unlikely to achieve its target of reducing inflation this year to between 12 and 13 per cent. In 1978, inflation came down to 16.9 per cent. AP

LEASING DIGEST CONFERENCES A two-day conference on EUROPEAN INDUSTRIAL LEASING Okura Hotel, Amsterdam, April 23-24 Conference Chairman: Dr. Anton C. Goudsmit, Chairman, Netherlands Leasing Association; Director, Lease Plan Nederland, NV, Amsterdam PROGRAMME April 23 1. THE FINANCIAL GROWTH INDUSTRY OF EUROPE Fritz Peter, Hon. Chairman, Leaseurope; Managing Director, Industrie-Leasing AG, Zurich 2. POLICY IN CROSS-BORDER LEASING Yoshihiko Miyachi, Senior Managing Director Orient Leasing Company Ltd, Tokyo 3. EVALUATION OF AN INTERNATIONAL LEASE CONTRACT Paul Ecker, Chemco Leasing GmbH, Frankfurt 4. DOCUMENTATION IN AN INTERNATIONAL CONTRACT Stephen P. Gottlieb, Partner, Cadwallader, Wickersham & Taft, New York 5. BIG TICKET LEASING AND THE FINANCIAL ASPECTS Michel Rolland, Sous-Directeur, Société Générale, Paris 6. CROSS-BORDER VEHICLE FLEET MANAGEMENT Hubert C. J. M van der Meulen, Director, Auto Lease Plan, Nederland NV, Amsterdam 7. WATERTIGHT INSURANCE FOR EXPENSIVE ASSETS J. W. C. Muir, Regional Director, Hogg Robinson (UK) Ltd. Cockrail and Buffet Reception for conference delegates and spouses. Simultaneous interpretation in French, German & English. The proceedings will be transcribed in English and copies sent to all delegates. \* There is also a two-day pleasure tour programme for spouses, at £65.00 per person April 24 8. A MULTI-NATIONAL CORPORATION'S VIEW OF LEASING Wolfgang Wengemeier, Bayerische Motoren Werke (BMW), Munich 9. MANUFACTURER'S OUTLOOK FOR SELLING Pierre G. Pailleret, Vice-President — Sales Financing, Airbus Industrie, Paris 10. ACCOUNTING TREATMENT FOR LEASED ASSETS Robert S. Soutter, Managing Director, Airlease International Management Limited, London 11. IMPLICATIONS OF AMERICAN ACCOUNTING STANDARDS FOR EUROPE Prof. Dr. H. H. J. Nordeman, Register Accountant, Klynveld Kraayenhof & Co., Chartered Accountants, Amsterdam; Professor of Auditing & Applied Business Economics, Univ. of Amsterdam 12. LUNCHEON ADDRESS S. G. Errington, Chairman, Leaseurope; Deputy Chairman, Barclays Mercantile Industrial Finance Ltd., London 13. BIG TICKET ITEMS: THE AMERICAN CONTRIBUTION Stanley A. Evans, Jr., Vice-President, BankAmerica Leasing Group, London 14. LATE DELIVERY & EARLY TERMINATION Dr Ulrich Mensfeld, Partner, Westrick & Eckhoff, Frankfurt

C. Hoare & Co. Announce that as from Wednesday the 7th March 1979 their Base Rate is being altered from 13 1/4% to 13%

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# Industry to pay £100m more for steel

BY ROY HODSON

BRITISH industry faces an increase in its annual steel bill of about £100m as a result of a new round of price increases by the British Steel Corporation.

British Steel is in the process of sending notices to customers informing them of increases ranging from 3½ per cent to 8 per cent in certain steel products from April 2. Private sector steelmakers are certain to be charged the higher prices.

A final British Steel decision on its new price list was

delayed because of protests by customers. Some planned increases were abandoned. Details of the modified round of price increases are being sent to customers this week.

British Steel refuses to give details but notices so far received by customers state that lower grade bars will be increased in price by 5½ per cent to 6 per cent, higher grade bars by 6½ per cent to 7 per cent, alloy billets by 8 per cent, and spring steel by a similar amount.

The corporation has decided not to seek price increases for

strip mill flat rolled products, steel sections or tinplate. Such products are subject to competition and the corporation might not retain its present volume of business if prices were raised.

The price increases are being applied to semi-finished steel, which means that the net increases to customers buying the end-products made from that steel will be more than 9 per cent on average.

Mr. John Safford, director of the British Iron and Steel Consortium's Council, said last night: "The net impact of the rises

will be to put new pressure upon steel-using industries in Britain to reduce their dependence upon British Steel products."

Although Continental European steel prices are rising it will be possible to buy some forms of steel from European mills in the weeks to come at prices at least 10 per cent below the new proposed levels for British-made products.

A British Steel executive said that the new price levels would do little more than offset the rising price of scrap steel over

recent months which, it is estimated, is going to add at least £80m a year to the corporation's materials bill.

Companies which buy British Steel semi-finished products for transformation into steel end products, such as sections, will have to obtain Price Commission sanction to pass on the new prices to their customers.

Because of delays in producing the new British Steel lists the companies will not be able to give the commission the usual 28 days' notice before the new prices start in operation.

# Tory rule 'would not mean tax revolution'

BY LISA WOOD

SIR GEOFFREY HOWE, Shadow Chancellor, said yesterday that an incoming Conservative government would not embark on a tax revolution.

Sir Geoffrey, speaking at a session of the Confederation of British Industry's Smaller Firms Council, said that Conservative policy would be to reduce taxation on income from earnings and investments.

He took the example of Capital Transfer Tax and said: "We are very conscious that if we uprooted the present system we could make the same mistakes as the existing Government. The crucial thing is to reduce the rates and raise the threshold."

He said he did not favour re-writing the pages of the tax book every year. He wanted to cut down on the total number of pages.

He argued for either indexing or tapering Capital Gains Tax, possibly scrapping investment income surcharge, lifting the threshold of VAT liability and, on Capital Transfer Tax, reducing the rates and raising the threshold.

But he pointed out that the burden of taxation fell not only on the rich. A married man on £30 a week suffered through loss of benefits and through taxation if his wage went up to £45.

The Conservatives were determined to control public spending. The message that "money did not grow on trees" often provoked a stronger positive response from the shop floor than it did among managers.

Earlier, Sir Geoffrey, speaking in London at the National Conference of the Institute of Credit Management, said Britain must be prepared for a switch in taxation from income to expenditure. People now placed more value on a perk or fringe benefit. He questioned what impact this was having on the honesty of the country.

# Candidates go for bigger cuts

By Colleen Toomey

ASPIRING Tory candidates in key parliamentary seats say they would like to cut a tenth off the official Conservative policy figure for the top tax rate, bringing it down to 50 per cent.

Thirty-eight prospective Conservative candidates in England and Scotland were interviewed by the Association of Independent Business. The survey showed that:

• Almost 70 per cent of those questioned wanted a top tax rate of 50 per cent.

• 60.5 per cent wanted profit-earning firms in the public sector broken up and sold to private companies.

• 81 per cent said that the National Enterprise Board should have a reduced role. (Only 23 per cent were persuaded that it should be wound up.)

The candidates were split evenly on the issue of abolishing the publication requirement for private limited companies. Fewer than half wanted a change in audit requirements.

• 90 per cent wanted the qualifying period of employment under the Employment Protection Act extended from six months to 12.

• Only 15 per cent believed that worker directors should be elected to a secondary board in larger firms, while 82 per cent said that if such a scheme was made law directors should be elected by the workforce.

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# Art auctioneers face probe into buyer's premium

BY PAUL TAYLOR

THE OFFICE of Fair Trading has given Sotheby's and Christie's the fine art auctioneers, a month to provide information and documents concerning the controversial 10 per cent buyer's premium.

The request for information about the operation of the premium, introduced by both companies in 1975, follows mounting criticism of the charge, particularly from London art dealers.

The move is seen as a preliminary step towards investigating not only the way in which the premium works but the circumstances surrounding its introduction.

Under the system both the buyer and seller are charged a 10 per cent fee on the auction price, and while the two auction houses claim the buyer's premium is a charge for services the dealers claim the services do not exist.

Stock market worries about the move have affected share prices of the two companies in the last few days. Yesterday, Sotheby's was 6p down at 334p, and Christie's 4p lower at 154p.

The Office of Fair Trading said yesterday that information had been requested in writing, which "may relate to a registrable but unregistered agreement" concerning the buyer's premium.

The companies have been given until April 2 to comply with the request.

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# £19,000 Netsuke record

A WORLD record price for a Netsuke—belt toggle—was set at Christie's in London yesterday.

The tiny ivory carving of a bearded man, valued at £19,000, bid by Bernard Hurlig of Honolulu, against a previous high of £11,500. It was the work of Kaigyokusai Matsuzugu of Osaka (1813-1892). The sale of Netsuke in the morning and late in afternoon totalled £174,440 with the early session amounting to £119,445.

At the Phillips sale of furniture and carvings, a talking pot was the £10,500 given by Mrs. Maria Baer for a 16th Century Flemish carved oak panel which had been rescued from a rubbish tip and which is riddled with woodworm. The pre-sale estimate was £2,000-£4,000. The sale totalled £114,500.

Musical instruments went under the hammer at Sotheby's, realising £186,947. The top price, from a private buyer, was £21,000 for a Guarneri violin and a Tokyo buyer was successful at £14,000 for a Gagliano violin.

Chinese snuff bottles sold by the same house fetched £38,628 with £4,200 being given for a large Szechow jade item.

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# Local radio hopes for more profit

Financial Times Reporter

I.B.C. the London radio station, hopes this year to exceed its record net profit in 1978 of £325,000 while strengthening its coverage of local news Mr. Brian Wallace, its financial controller, said yesterday.

His forecast reflects the company's growing confidence about its recovery from the financial crisis which struck after its launch in October, 1973.

Advertising revenue in the year ending last September rose 70 per cent and audiences increased 17 per cent. Although no figures are available, I.B.C. believes it has since gained more regular listeners as a result of BBC Radio Four's switch from medium to long wave.

London Broadcasting, the private company which owns the station, is also cautiously optimistic that its shares could eventually go on the stock market. However, this is still some way off, as the company had an accumulated deficit of nearly £2m in the last financial year, and no dividends have been paid to shareholders.

# Daily Telegraph urged to appoint senior labour relations manager

BY MAX WILKINSON

THE Daily Telegraph was urged in a Price Commission report yesterday to appoint a senior manager responsible for labour relations and to push ahead vigorously with plans for modernisation and new technology.

The Commission granted the Telegraph's application for a price rise of 1p and a rise in advertising rates, representing between them an average increase of 4.5 per cent—but said there should not be any further increase until October.

The report on the Telegraph says the industrial relations climate needs to be much improved to allow the newspaper to introduce the far-reaching changes which are needed.

In common with other Fleet Street newspapers, industrial relations at the Telegraph are "notoriously bad", and there is significant overmanning, says the report.

It says that senior management spends half its time dealing with industrial relations problems and management and unions may "feel themselves trapped in a web from which there is no escape and from which there is scarcely any room for movement."

One of the difficulties, says the report, is that management has to negotiate with 45 different bargaining units (chapters), "each jealously guarding its independence."

Last year about 20m copies of the paper were lost as a result of industrial disputes.

The Commission suggests that the appointment of a senior manager responsible for labour relations should be matched, on the union side, by a reduction in the number of chapters, with much greater power and responsibility given to the federated house chapter, which represents the interests of all the bargaining units. It says the chapters appear to have complete power over the selection of non-craft workers.

The report adds that after a review of the equipment offered by 14 suppliers of computerised typesetting machinery, the management is drawing up a specification for its requirements. It was recognised, however, that negotiations with the unions on the introduction of new technology were likely to be lengthy.

The report says the Telegraph's position in the newspaper market, particularly in the quality section of the Press is particularly good. Its overall marketing strategy is said to be well thought out, particularly in the vigorous development of the classified advertisement market, where it had a 37 per cent share in 1977.

Estimated trading profit for the paper during 1978-79 is £2.61m, compared with £3.1m the previous year.

Newsprint and ink costs and wages and salary costs each accounted for over a third of the total costs, the report says.

The planned sale and leasing back of the Daily Telegraph building is expected to realise between £5m and £6m to be used for new technology and the modernisation of the publishing rooms.

An increase of working capital of £3.24m is expected in 1978-79 when wage and salary costs will increase by £5.06m to £26.84m. On an historic cost accounting basis, the return on capital is estimated to be 16 per cent in 1978-79.

The Telegraph employs about 2,800 people. The management estimates 200 are not needed.

The Commission's report shows that stoppages and breakdowns in the machine room have increased considerably in the last few years.

The Daily Telegraph Limited—Cover Price of The Daily Telegraph—Price Commission (HMSO £11).

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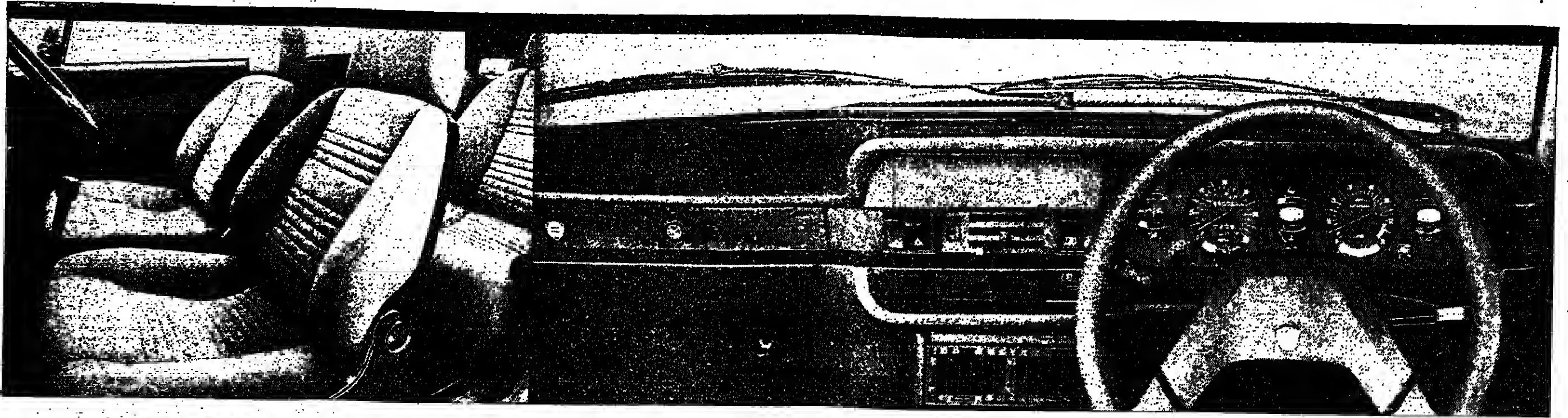
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An increase of working capital





# MORE BAD NEWS FOR THE ORDINARY ESTATE AND COUPE.



The news is that we have introduced an even more refined version of both the Lancia Beta Coupe and the Lancia HPE (high performance estate). When these two very stylish, superbly engineered cars first arrived in Britain, our rivals were dismayed and the motoring public delighted. For many people, the cars were love at first sight. And now we've made them even more appealing. By adding subtle refinements on the outside and completely re-designing them on the inside. The seats are totally new and exceptionally comfortable. They are covered in the new soft fabric with all the elegance and luxury of wool.

And the front seats slide forward automatically to make access to the rear as easy as a four door car. The very comprehensive instrument panels and controls have been restyled to make them easier on the eye and simpler to use. And all the major controls, including lights and wipers are grouped on the steering column within fingertip reach. We've even added a bright, and accurate digital clock. But we've also made some significant changes to the power unit. By modifying the carburation and adding electronic ignition, the all-round performance has been improved and first time starting is even easier.

You can judge for yourself by driving either of these new cars at your Lancia dealer. He'll be pleased to demonstrate the all-out power and performance of the 2+2 Coupe and show the cavernous luggage space and remarkable flexibility of the three door HPE. But if you want to be one of the fortunate few, hurry. Because good news travels fast.

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SALE  
BY PAMELA

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UK NEWS

Five exporters face police fraud inquiry

BY CHRISTINE MOIR

THE EXPORT Credits Guarantee Department has called in five companies for investigation...

validity and accuracy of export order forms, bills of lading, invoices and payment statements.

Plessey changes at top



SIR JOHN CLARK chairman and chief executive of Plessey (pictured above) has given up some of his direct control over the company in a series of management changes made yesterday.

Hauliers hoping for some exemptions from tachograph

BY LYNTON McLAINE

BRITAIN'S ROAD hauliers are hoping to persuade the Government to exempt certain vehicles from regulations requiring the fitting of tachographs.

Energy-saving report against compulsory measures

A GOVERNMENT report on energy-saving measures published yesterday comes out against the introduction of a compulsory element of compulsion at this stage.

increase industrial efficiency and competitiveness." It adds that certain mandatory measures might also be considered "a serious infringement of the liberty of the individual."

Rising petrol prices may close garages

BY SUE CAMERON

RISING PETROL prices may force many more small, independent garages out of business because they will not be able to afford to convert their pumps to £1 a gallon fuel.

NATIONAL BANK Base rate Australia and New Zealand Banking Group Limited announces that on and after 7th March 1979 its base rate will be 13% per annum

Clydesdale Bank BASE RATE Clydesdale Bank Limited announces that with effect from 7th March, 1979, its Base Rate for lending is being reduced from 13 1/2% to 13% per annum.

This part FREE when you move to Newcastle. Yes, two-thirds of your new factory and plant could cost you nothing when you move to Newcastle. All your company pays for is the remaining third.

COMPANY NOTICES

ASEA Aktiebolag VASTERAS, SWEDEN NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders will be held in Vasteras, Sweden on Thursday, 22nd March, 1979, at 4 p.m.

UNION CORPORATION LIMITED (Incorporated in the Republic of South Africa) DECLARATION OF DIVIDEND PAYMENT OF COUPON NO. 129

Newcastle - could be your best business move ever! Mike Foley, Civic Centre, Newcastle upon Tyne, NE1 8PP. Telephone: 0632 25180 or 610652

ART GALLERIES AGNEW GALLERY, 43, Old Broad St. W.1. 01-252 6176. Lutz Lubowicz of Photography by ROGER FENTON 1978-1980 in aid of the Royal Photographic Society's 50th Anniversary.

RARE, CLASSIC STAMPS INVESTMENT SERVICE It is possible with our expert guidance to keep ahead of the current inflation rate and to enjoy a healthy capital appreciation combined with the fascination of an absorbing and stimulating hobby.

NOTICE IS HEREBY GIVEN that an Ordinary General Meeting of Shareholders will be held at the offices of the Company, Serengeti Park, Johannesburg, on Thursday, 22nd March, 1979, at 10.30 hours.



# Reality is the moment when one buys a BMW rather than a car.

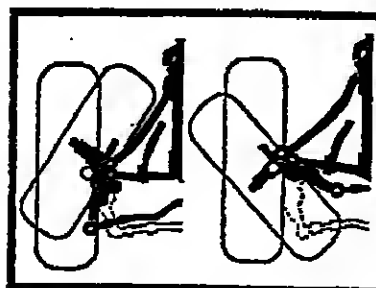


Compromise, in automotive engineering, seems to be the rule rather than the exception. BMW regard this as unnecessary. As soon as one closely examines or drives a BMW one realises that it is the sense of balance, not compromise, that gives a BMW its unmistakable character.

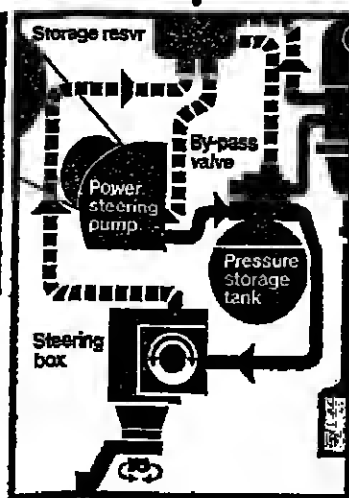
The BMW 7 Series are luxury cars. The discreet design reflects the solid quality found throughout. It is that certain kind of quality that one takes pride in. It offers other, more practical, advantages. Inside there's a sense of quiet spaciousness. The seats and ventilation encourage a relaxed alertness rather than soporific comfort and on today's crowded roads this is an important aspect of active safety.

Whilst the 7 Series are refined luxury cars they are, equally, drivers' cars. The three models in the range offer three different engine capacities—2.8, 3.0 and 3.3 litres, the latter with electronic fuel injection. Each produces very

high power to litre ratios and excellent fuel economy. The chassis, with its new double pivot front suspension, offers handling incomparable in this size of car. The power steering is speed-related. As the engine speed increases a pressure relief valve draws off hydraulic fluid before it reaches the power steering box. The result is



Double pivot front suspension.



Speed-related power steering.

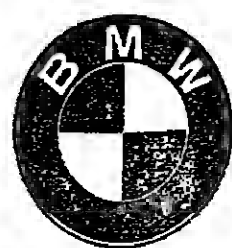
that one gets maximum power for steering at parking speeds, then diminishing assistance as speed increases to give greater road 'feel.' However, if at speed the front wheels hit severe bumps, or a tyre deflates, then the steering power immediately increases again to cope with the extra forces created.

This attention to design is found throughout the BMW 7 Series. The sum of them all make the realities of driving an exceptional pleasure.

**Leasing.** In today's financial conditions, leasing a BMW can create substantial advantages. Your local BMW Centre will be happy to put you in touch with expert advisors on leasing who can describe the schemes in detail.

**Insurance.** Your local BMW Centre can now also help you with insurance.

**Prices:**  
728—£10,276. 728A—£10,728. 730—£12,149. 730A—£12,601.  
733i—£13,249. 733iA—£13,701. Prices correct at time of going to press.



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UK NEWS

Thomas Cook pre-tax profits reach £6.28m

By James McDonald

THOMAS COOK, the travel organisation and a Midland Bank subsidiary, had another record year in 1978. Mr. Tom Fisher, chief executive, said yesterday.

Highlights of the company's operations last year included the introduction of a new French travellers' cheque in co-operation with the Societe Generale. This brought the number of Cook's foreign currency cheques up to nine—more than any of its competitors.

A new managing director had also been appointed for the Middle East, where business was expanding. A new office was opened in Bahrain, and the company was negotiating to open others in Saudi Arabia, Dubai and the Gulf States.

Eight new offices had been opened in Australia. A hotel reservation system and inbound travel operation had also been acquired. These would be developed this year in time for the increased traffic expected from lower air fares.

There was continuing expansion in the U.S., with more new offices.

Neill heads gilts issue inquiry

By Christine Moir

THE COUNCIL for the Securities Industry has set up a four-man committee to investigate difficulties that arose during the Bank of England's recent gilt issue.

The committee, headed by Mr. Patrick Neill, QC, chairman of the CSI, will meet early next week. Representatives of both the Bank and City brokers will be present.

The secretary of the CSI, Mr. Oliver Page, said yesterday that the council hoped the investigation would take only one session. The results would be published. The committee was set up after a letter of complaint signed by Joseph Sebag and Vickers, de Costa, two of the broking firms that failed to get all their applications for the new issues to the counter in time.

Comprehensive switch delayed

The Government has conceded that the change to comprehensive schooling in Kingston-upon-Thames need not take place until 1980. The Conservative local authority had previously been told to start comprehensive education this year.

Fine Fare to join High Street discount battle

By Paul Taylor

FINE FARE, the supermarket group, is to join the High Street price war next week with a new long-term discount campaign which the company claims could save shoppers £5m during the year.

Called Cash In, the nationwide campaign will cover a number of basic grocery items offered at "exceptionally deep cut prices."

All Fine Fare stores, which feature the Cash In pricing package, adding 200 items at long-term discounts to the shelves.

The campaign, launched because of continuing promotions by other supermarket chains, including Tesco and J. Sainsbury, will be backed by newspaper and television advertising.

Tesco and Sainsbury, which led the price-cutting campaign over the last 18 months, succeeded in substantially increasing their market shares at the expense of the small regional supermarkets and independent grocers.

Legal and General pension funds pass £1bn

By Eric Short

PENSION investments handled by Legal and General Assurance have passed the £1bn mark since the service began eight years ago, said Mr. Keith Hall, pensions manager when he presented the company's 1978 investment report yesterday.

The company has four pension funds of which the mixed fund of equities and fixed interest is the largest at £520m, while the property fund amounted to £416m at the end of 1978.

Mr. Hall said that pension funds or insurance companies had no desire or capacity to dictate to the Government on interest rates or other market factors or to stage an "investment strike."

He said that the financial institutions competed against each other and did not compete with one another in financial markets.

Investment advice, he said, was offered from many different quarters covering a wide range of expertise, specialisation, method and technique.

Mr. Hall did not consider there was any conflict of interest between the saving community and the economy. The responsible pursuit by pension fund trustees of long-term investment objectives in the interest of their members advanced the wider national interest.

Company report, Page 21

Canada 'will resist' UK move to force airline to Gatwick

By Michael Donne, Aerospace Correspondent

THE CANADIAN Government "will vigorously resist" any attempt by the UK to force Air Canada to move its scheduled services from Heathrow to Gatwick Airport.

Mr. Paul Martin, Canadian High Commissioner to the UK, said in Chester last night that Canada regarded the UK as behaving in "a very discriminatory fashion" in asking Air Canada, one of the longest residents of Heathrow, to move.

Mr. Martin told the Cheshire branch of the English-Speaking Union of the Commonwealth that while a move to Gatwick might improve connections between Canada and the beaches of Benidorm and the holiday resorts of the Mediterranean, "it is what visitors and businessmen to and from our respective countries really want?"

"It is far from me to question that Heathrow may be congested. But we were there among the first, if later arrivals cause congestion, then it is they who should be asked to move elsewhere."

The Canadian Government is seriously concerned about even the suggestion that its national airline could move to London's second airport.

"My Government will vigorously resist any suggestion of moving the national airline of a senior commonwealth partner, and one of Britain's closest friends, to London's second airport."

The Gatwick Area Conservation Campaign is to launch an all-out attack on the British Airports Authority's plan to build a second terminal at Gatwick. The GACC believes that a second terminal is "virtually certain to lead to a second runway with all its further implications."

Gallagher action halts Jersey competitor

CIGARETTE manufacturers, Gallaher, and its Benson and Hedges subsidiary were granted a temporary injunction in the London High Court yesterday, banning a Jersey group and its London wholesalers from selling or advertising cigarettes in the UK under the brand name "Supreme."

Judge Mervyn Davies, QC, said J. F. Germain and Son, of St. Helier, had manufactured "German's Supreme" cigarettes for years. Most were exported. Earlier this year the firm, through wholesalers William P. Solomon of London, expanded its operation to the UK.

Gallaher launched a "passing-off" action because, under the Benson and Hedges title, they had been selling a "Supreme" brand cigarette since spring, 1978, and felt the goodwill and reputation they had achieved under that name were threatened.

The judge held that there was a case to be tried and granted an injunction pending the full hearing of the Gallagher action.

Official guide to statistics

DETAILS of earnings, wage rates, industrial production and prices are contained in a guide newly published by the Government Statistical Service. It lists the main regular publications containing these and many more official statistics, as well as sources for obtaining information. Addresses and telephone numbers of these sources are also given.

Government Statistics — a brief guide to sources (Press and Information Service, General Statistical Office, Great George Street, London SW1P 3AQ. Free).

NEWS ANALYSIS — HARTLE MACHINERY

Chequered history of performance

HARTLE MACHINERY International, which went into receivership at the end of last week, has had a chequered history as regards both its trading performance and the financial deals in which it has been involved.

The company was known originally as Edward G. Herbert, but the name was changed in 1974 to Hartle Machinery International, partly to avoid confusion with Alfred Herbert. The new name was taken from Mr. Derek Hartle, a forceful and somewhat controversial figure in the machine tool industry, who had become chairman of the group several years earlier as a result of a reverse take-over of Herbert.

At the time of the last published report and accounts, for the 18-month period ended June 30, 1977, the group consisted of no fewer than 28 companies. Most of them are in the machine tool industry, in both manufacturing and distribution. They include five manufacturing companies — Ackworth Machine Tools, Kenilworth, Alexander Machinery, Dudley, Broadbent Machine Tools, Halifax; Quilters and Smith, Barnsley; and Stanley Machine Tools, also in Halifax. They make a range of standard machine tools, including sawing machines, lathes, and drilling and boring machines.

From Mr. Hartle's comments in the annual report it would seem that the manufacturing companies have not been the cause of the group's going into receivership. The trouble seems to lie with the distribution companies, which import machine tools from several countries as well as distributing British products.

If that is the case — and the company is not commenting in any detail — it is surprising, since many distributors of machine tools have found the going easier in the past few years than the manufacturers. This has been particularly the case recently, when manufacturing industry has been investing more than at any time since the beginning of the '70s.

The group's profits to June 30, 1977, were £187,000 on a turnover of £11.46m, a result which indicated the pressures on Hartle Machinery. More worrying, however, was the high level of borrowings revealed in the balance sheet, which amounted to 186 per cent of shareholders' funds. The latest published trading figures, issued in April, 1978, showed pre-tax profits of £173,100 on turnover totalling £4.62m for the six months to December 31, 1977.

Before the group asked the National Westminster Bank to appoint a receiver last week, strenuous efforts were made to try to find some other solution. It emerges that the National Enterprise Board, which started a loan scheme to help to finance stocks by machine tool companies during the most difficult years of the recession, is the second biggest creditor of Hartle Machinery.

Apart from Alfred Herbert, which has received £5.7m under the scheme, Hartle Machinery has been the main beneficiary of the scheme. It has received some £500,000 out of a total £920,000 lent out (apart from Alfred Herbert). With accrued interest, this amounts to over £800,000 which is owed to the NEB.

A proposal put by the NEB to Hartle Machinery would have involved its purchase of some of the manufacturing companies in the group. This was rejected by the group, and by the National Westminster Bank, in the middle of last week. Hartle then went to the Department of Industry in search of financial assistance, but it was refused.

The NEB was advised to put in its own receiver — Mr. John Warren, of Whitney Murray — because its security for the loan (there is no equity involved) is with Edward G. Herbert, a non-trading company within Hartle Machinery. On Monday, the National Westminster Bank named Mr. M. Jordan and Mr. R. Stone, of Cork, Gully, as its receivers.

The financial deals for which Hartle Machinery International has been used have aroused some controversy. Nearly two years ago the group paid the Hartle family £500,000 (in the form of shares) for the issued share capital of Derek Hartle, which was owned by the Hartle family.

Three months later Mr. Derek Hartle sold a quarter of the shares he and his family had received from the transaction. Deals in the shares of the group have also been part of a wide-ranging Stock Exchange inquiry.

The collapse of Hartle, which ranks about tenth in the list of British machine tool manufacturers, was not wholly unexpected. In fact, it is being viewed coolly in the industry. What has surprised some people is that the NEB ever considered taking over Herbert, and another machine tool company, on board.



LOOKS LIKE ALL THE BIG GUNS ARE MOVING TO WREXHAM

G.K.N., KELLOGG'S, METAL BOX COMPANY, CONTINENTAL CAN, E.R.F., JAEGER, G-PLAN, J.C.B., TETRA PAK are, between them, investing over £100,000,000 in industrial development in Wrexham.

In fact every month since 1974 a new project has commenced in the area. Why?

Because the pioneering range of services and incentives offered in this progressive Borough are second to none.

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To the Chief Executive Officer, The Guildhall, Wrexham EL11 1AY, Clwyd, North Wales, U.K. or telephone R. J. Dutton or D. W. Jones or H. Prizbram at Wrexham (0978) 4611

Please send me details of industrial incentives at Wrexham.

Name: \_\_\_\_\_ Company: \_\_\_\_\_ Address: \_\_\_\_\_ Tel. No.: \_\_\_\_\_

National Trust buys sites

THE NATIONAL Trust has bought a 40-acre site adjoining the Wirral Country Park, Cheshire, with the aid of a £28,500 Countryside Commission grant.

The balance for the £32,000 site came from the trust's Enterprise Neptune funds. The Neptune scheme was designed to save unspoiled coasts from development.

The land includes a stretch of coastline, and features views towards the Dee estuary and north Wales.

A Countryside Commission grant and funds from Enterprise Neptune have also enabled the National Trust to buy Great Farthingloe Farm, Dover, from the Ministry of Defence for £25,000. The farmland includes a stretch of coast close to the White Cliffs.

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The A.B.G.S.M. gives you the choice of nine established specialists in standby power. They will ensure that you have the right set at the right price for the right job and that it will meet local regulations. A greater range to choose from — 1 to 3000 kVA. And the backing of a fully comprehensive after sales service. So before you buy talk to one of the professionals.

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Association of British Generating Set Manufacturers

21 John Adam St., London WC2N 2LP. Tel: 01-839 6471

Bank of India announce that on and after 7th March, 1979

the following annual rates will apply:

Base rate . . . . 13% (Decreased from 13 1/2%)

Deposit rate (basic) 10 1/2% (Decreased from 11%)

Bank of India

RESIDENTIAL PROPERTY

EXCEPTIONAL OPPORTUNITY - ITALY

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IDAHO, U.S.A. FARMLAND INVESTMENT

About 25,500 acres including 17,000 acres of arable land. Price U.S.\$66m lock, stock and barrel. Present annual net income U.S.\$10.2m before U.S. taxes.

Details from A. J. Witham, FRICS Bernard Thorpe, 1 Buckingham Palace Road, London, SW1. Tel: 01-834 6880

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STAFF RECREATIONAL PREMISES - MAJORCA

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Now being offered: a 2 1/2 room condominium on Miami's newest tropical island, Key Biscayne. Live permanently, spend your winters here, or in 2,000 sq. ft. furnished luxury 2 1/2 bed 2 bath. Call a realtor. \$250,000. Contact: Judy Bishoff, 705 Pineapple Blvd., Key Biscayne, Florida 33149. Tel: (305) 361-5757.

LUXURY HOUSE to let in Thame, Oxon.

Survey, 4 bedrooms, 2 bathrooms. £160 per week. Contact: Mrs. P. Brookes, 11, Cannon Street, EC4A 3DF.

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MARSELLA, MAJORCA, ALGARVE, TOP self holiday from £25 incl. flights, house or apartment, self-drive car, transfers. Tel: 01-808 4711. Telex: 80888. Brochure: AFPA, JATA, ATG, etc.

CLASSIFIED ADVERTISEMENT RATES

Table with columns for Commercial and Industrial Property, Residential Property, Appointments, Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses for Sale/Wanted, Education, Motors, Contracts & Tenders, Personal, Gardening, Hotels and Travel, Book Publishers. Includes rates per line and per column.



NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH QUARTERLY REVIEW

Doubts over pay outlook 'demand cautious Budget'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BUDGET should be neutral rather than positively deflationary, according to the National Institute of Economic and Social Research in its latest quarterly review, published this morning.

rise to over 1.5m by the end of 1980, and with the current account of the balance of payments likely to be in surplus, even on the assumption of a stable exchange rate, there would, under normal circumstances, be a clear case for some degree of reflation.

degree of uncertainty about the outlook for pay argues for a cautious approach to the question of reflationary action. But more generally, even if not wholly rationally, an apparent association of the breakdown of the pay policy with reflationary action is simply not convincing as an economic strategy.

settlements. On balance, therefore, until the present pay crisis is resolved, we argue for a neutral budget.

rate were to fall to preserve competitiveness. The review argues that "the acceleration of wage and price inflation now under way offers little space to those who believe that free collective bargaining with unreformed institutions is an adequate solution to the problem of wage inflation."

rate in 1978 had any effect in moderating wage claims in the current round. "The destruction of these illusions may, however, be the precondition of renewed progress. We have argued the case for incomes policy over many years, though we have consistently warned of the dangers of temporary and inflexible policies, and urged the need for permanent and properly articulated machinery to cope with relativities."

Rise in living standards forecast although GDP disappoints

FURTHER RISES in living standards, as measured by real personal disposable income and consumer spending, are expected this year by the Institute on the basis of a 14 per cent rise in average earnings.

SUMMARY OF FORECAST (November projections in brackets)

A FURTHER improvement in the economic position of Western Europe should occur this year with a further worsening in North America.

goes on and for industrialised countries as a whole the rise may be between 7 and 7 1/2 per cent in 1980.

CHANGES IN MAIN COMPONENTS OF DEMAND IN OECD COUNTRIES

Public spending, however, is likely to be restrained, and private fixed investment is now expected to rise less than the Institute forecast in its last review in late November.

the 1977 Finance Act, but no indexation of indirect tax rates. The existing monetary targets are expected to be rolled forward and the exchange rate is assumed to be held up at its present level for the next two years.

In view of the projected rise in the labour force, this leads to the expectation of a rise in unemployment in Britain from under 1.3m (5.4 per cent, excluding school leavers and seasonal adjusters) at the end of 1978 to 1.4m (5.9 per cent) by the end of this year and 1.6m (6.7 per cent) by the end of 1980.

Overall the growth of output in the main industrialised countries, as measured by real Gross Domestic Product, is expected to slacken from 3.7 per cent to 3.3 per cent.

The expectation of a slower rise in prices is based largely on increased government intervention in the wage-bargaining process in several countries where inflation has been worsening and on the prospect of better food supplies than last year in the industrial countries.

Percentages, annual rates in real terms

Official guide to statistics

Imports of goods (excluding oil and gas) are forecast to rise at about twice the rate of increase of total final demand. But after taking expected falls in oil and gas imports into account, total imports of goods and services are expected to grow in real terms by about 4 1/2 per cent in 1979 and by about 5 1/2 per cent in 1980.

The fairly optimistic view of the current prospects—a £1.5bn surplus in both the next two years—reflects in part the approach to peak North Sea production and in part the short-term favourable terms of trade effects of the combination of a relatively rapid inflation with the assumed stable exchange rate.

The review also discusses forecasts on various alternative assumptions. For example, if earnings rose by 20 per cent a year from now on, and the effective exchange rate fell by a tenth, both in 1979 and 1980, the rate of consumer price inflation might rise to around 13 per cent this year and to between 16 and 17 per cent in 1980.

Nevertheless some further slight improvement is expected in the terms of trade—relative export and import prices—of the industrialised countries this year and next.

Table with columns: 1966-76, 1977, 1978 (estimate), 1979 (forecast)

Pessimism

This is the net result of a number of changes rather than of one particular dominating change of view. With accelerating price inflation, the Institute no longer expects a fall in the savings ratio, the projected growth of public spending has been revised downwards and there is now greater pessimism about the likely growth of imports.

Manufacturing investment is expected to rise by about 5 per cent this year and to fall by 1 to 2 per cent in 1980 in view of the pessimistic forecasts of demand for next year.

For consumer prices the rise seems likely to be close to 8 per cent again this year but at least in the U.S. the rate of increase should be declining as the year goes on.

That should enable the industrialised OECD countries to move into a position of growing surplus—from last year's deficit of \$1bn to surpluses of \$880m and \$18bn. This would mainly reflect a reduction in the U.S. deficit.

The volume of world trade is likely to increase by between 5 and 6 per cent this year and next, compared with 5 per cent in 1978, the review says. Weak demand for oil from the OPEC countries, partly by expanding output of energy elsewhere, will probably continue to keep the rate of rise in the total slightly below the rate of increase in world trade in manufactured goods even if Iranian supplies recover.

Accelerate

Consequently, consumer price inflation is expected to accelerate from a rate of 7 1/2 per cent in the year to the fourth quarter of 1978 up to 10 per cent during 1979 and nearly 11 per cent during 1980.

Resist

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Modest rate

Taken together, these forecasts imply an increase in real Gross Domestic Product of just under 3 per cent this year and of just over 2 per cent next year.

Resist

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HO, U.S.A.

ESTIMATES AND FORECASTS OF THE GROSS DOMESTIC PRODUCT

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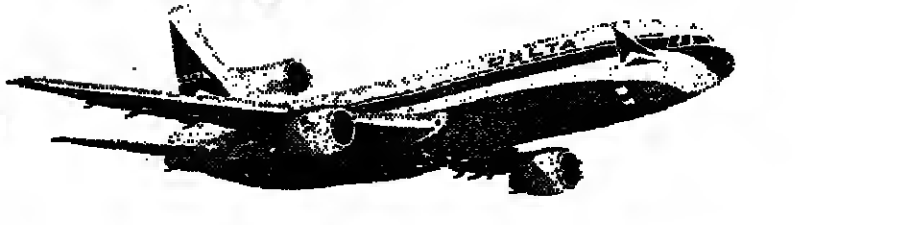
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National Institute Economic Review, number 87, from National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, London SW1P 3HE, price £4.00 for a single issue or £14.00 (in the UK) for an annual subscription.

THE HONGKONG BANK GROUP BASE RATES. The Hongkong and Shanghai Banking Corporation and The British Bank of the Middle East announce that their base rate for lending is being decreased, with effect from 7th March, 1979. To 13% per annum from 13 1/2% per annum.



Ethnic grants disturb

Tory unity

By Eleanor Goodman, Lobby Staff THE SHADOW CABINET could face a Right-wing rebellion among its backbenchers over its response to the Government's proposals for giving money to socially disadvantaged ethnic groups.

PM to ponder further on devolution issue

BY PHILIP RAWSTORNE

THE Government had fulfilled its devolution commitment to the people of Scotland, Mr. James Callaghan told the Commons yesterday.



Terry Kirk

Mr. Callaghan said he would like to see the Government's proposals for Scotland, Northern Ireland and Wales put to a referendum.

Better deal for prostitutes supported

PROSTITUTES last night lifted their threat to name some of their highly placed clients.

More nurses may support industrial action on pay

BY OUR LABOUR STAFF

MORE NURSES in one of Britain's biggest health unions are expected to support industrial action in protest at their latest pay offer.

date from April 1978. At that time they were promised consideration of a claim for a bonus in lieu of productivity as part of a 10 per cent settlement.

salaries to average non-manual pay. It has been calculated that this would require increases of up to 36.5 per cent.

The problem facing the Tory front bench is that if they call for abstentions as they did on the delicate vote for continuation of trade sanctions to Rhodesia, then the Right might rebel.

Boost for pensioners

A CONSERVATIVE amendment abolishing the earnings rule for pensioners was approved in the Lords last night by a majority of 31 (108-71).

Offer to nurses defended

BY IVOR OWEN

BENEFITS available to nurses from the pay comparability study promised by the Government mean that they have already been offered a very large part of what they are asking for.

"If they accept this comparability study, their position will be restored, not just for the current year, but their position in society, relative to other groups, would be kept from this year forward."

Moral decline

The Bill seeks to abolish prison sentences for soliciting, to establish a single offence to cover all street offences based on evidence from people annoyed, and to abolish the term "common prostitute."

Race safeguards 'will not burden companies'

BY OUR LABOUR CORRESPONDENT

PROPOSALS for a race relations clause in Government contracts should cause no anxiety "unless employers are either entrenched in complacency or have something to hide," Mr. John Grant, Under-Secretary for Employment, said last night.

But it was "surely sensible and proper" to monitor what steps were being taken through a company's general employment policies to avoid discrimination. It was also reasonable to look first at those with whom public funds were spent.

Peace bid in rig men's strike fails

AN ATTEMPT by full-time union officials to persuade strikers that the oil-platform yard at Nigg, Easter Ross, to return to work failed yesterday.

Profit rule changes

THE revised profit safeguard regulations, following the passing of the Price Commission (Amendment) Act last month, were yesterday laid before Parliament and will come into operation on March 28.

Exam for directors suggested

BY JAMES BARTHOLOMEW

THE GOVERNMENT successfully pushed through clauses codifying the legal responsibilities of company directors in the committee stage of the Companies Bill yesterday.

The Conservatives, while finding the Government's intention admirable, considered it impossible to draft the statute law sufficiently well.

Today in Parliament

HOUSE OF COMMONS: Leasehold Reform Bill second reading, Motions on Appropriation (Northern Ireland) Order and Aircraft and Shipbuilding Industries (Northern Ireland) Order.

Civil Service pay deal talks begin tomorrow

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders meet Civil Service Department officials tomorrow in the first of a series of meetings to examine details of the staging of a pay settlement for 600,000 white-collar civil servants based on a pay comparability study.

Lord Peart, the Lord Privy Seal, has promised to recommend to the Cabinet that the staging of a negotiated deal should be completed within 12 months.

Union will back Dunlop action

By Our Labour Editor DUNLOP's one-day action today in protest against a plant closure and other redundancies will be backed by the General and Municipal Workers' Union, it was confirmed yesterday.

Bank progress

THE banking Bill, which has already passed through all its stages in the Commons, was given an opposed second reading in the House of Lords last night.

Conservatives promise to give fourth channel to ITV

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IF THE Conservatives are returned to power at the general election later this year, they will award the fourth television channel to the independent TV companies, Mr. Julian Critchley, chairman of the Conservative Party's media committee, declared in the Commons last night.

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NEWS ANALYSIS — TAX EVASION

Exposing Fleet Street's fiction

BY PHILIP BASSETT

THE GOVERNMENT last month announced that the Inland Revenue would soon be introducing new procedures to stamp out tax evasion by Fleet Street national newspaper workers.

A new tax system for newspaper production workers employed on a casual basis duly came into force on Sunday, and the most immediate result was that 50,000 copies of the Guardian and more than 2m copies of the Sun failed to reach the newsstands on Monday morning.

casual staff who were avoiding paying them, but also from some of the casual staff themselves.

Mr. Nicholas Ridley, Conservative MP for Cirencester and Tewksbury, introducing a bill designed to abolish payment of "ghost" workers in the industry — "frivolous people with fictitious names whose only function in the industry is to receive a pay packet" — reported that the Revenue said about 100,000 names were used to receive wages in any one year in the industry.

They say management wanted a large number of casual workers partly in response to the differing sizes of papers as determined by the amount of advertising, but more importantly because they wanted the lowest possible wage bill.

The Revenue, union officials at both national and branch

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The basis of the system is that casual workers will be taxed as normal under Schedule D for the self-employed with tax being paid at the end of a tax year for all the casual shifts done as long as they can produce a union card to the newspapers' cashiers showing their name and address.

If they do not produce a card, they will then be taxed at source at the standard rate of 33 per cent.

Inland Revenue posters were sent to newspapers and notification of the changes sent to union officials to inform workers of the tax alterations. A team of tax officials from the LB22 district dealing with the payments came down from Edinburgh to station themselves in all Fleet Street newspapers on Sunday and Monday nights to give, according to the Revenue, advice and help on the changes.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Siemens facsimile equipment for PO

THE Post Office will shortly be making a limited entry into the facsimile market in London and North Eastern Telecom communications regions. Following extensive evaluation of the Siemens HF 1048 high-speed facsimile transceivers, the Post Office has ordered 100 of these machines to be delivered from the Siemens factory at Congleton in Cheshire.

HF 1048 is about the size of an electric typewriter and is characterised by its ease of operation: the original text or drawing to be transmitted is fed into the transceiver and the recipient is telephoned in the normal way to establish contact.

If the line is free, the caller presses the start button and transmission commences. On completion of transmission, the circuit is automatically switched back to the telephone to allow

confirmation of reception. On replacing the telephone receiver, both the transmitting and receiving equipments are automatically turned off.

It is fully compatible with other manufacturers' machines that conform to CCITT group 2 recommendations. The HF 1048 transceiver will send and receive a full A4 page of information in three minutes.

Because facsimile uses a direct reading method to copy the original there is no possibility of transcription or copying errors. It is, therefore, an ideal medium for communicating long and complex sheets of information, eg. company results, mathematical formulae, invoices, shipping manifests and advice notes.

Siemens House, Windmill Road, Sunbury-on-Thames, 09327 85691.

## IN THE OFFICE

### Fast copier from 3M

WITH OVER a dozen new copiers likely to be launched in Britain this year, 3M United Kingdom has introduced the Secretary III plain copier for the 9,000/40,000 copies a month market.

Developed and manufactured by 3M, the Secretary III produces its first copy in just over four seconds and subsequent copies at 25 a minute.

Available on rental or by purchase, the copier has a list price of £8,290 which includes an automatic ten-bin sorter and a stand. According to 3M tests, five sets of six originals can be made in less than a minute and a half.

The Secretary III technology is based on the indirect electrostatic process and uses a one-

part dry toner in easily replaceable cartridges. A short 18 in. straight paper path through the machine minimises the chance of paper jams.

It will accept and produce quality copies in a wide range of sizes — from letterheads, coloured stock, ledger stock, bound manual pages and on labels, two-sided copy and transparency film.

According to 3M, there are about 60,000 copiers in operation in the 3,000/40,000 copies a month sector in this country. This is an estimated one-quarter of all copiers used in Britain and is a market worth about £80m.

Further details from 3M, Harrow Road, London W9 2EU, 01-286 6044.

### Copes with mass of spares

IN A MOVE towards greater compatibility with other manufacturers' systems B.L. Parts has opted for a 48X Microfax microfiche system for the future dissemination of all parts information and price lists. Coupled with this decision is the recommendation from B.L. Parts to its dealer network throughout the world that they purchase the front projection Mini-Cat TN Reader.

Mini-Cat readers are thought to be the most successful yet and have achieved sales of more

than 150,000 units since their introduction in 1973.

Mini-Cat TN offers a brighter image than is obtainable with comparable rear-projection readers, and having a single mirror, the front projection machine is easier to keep clean.

Additionally the Mini-Cat TN provides a more natural reading angle which has a three-position adjustment to suit local conditions, and the screen is shielded from ambient light for readability.

Microfax, 393 Cowley Road, Oxford OX4 2DF, 0863 775621.

## PROCESSING

### Injected steam heats fast

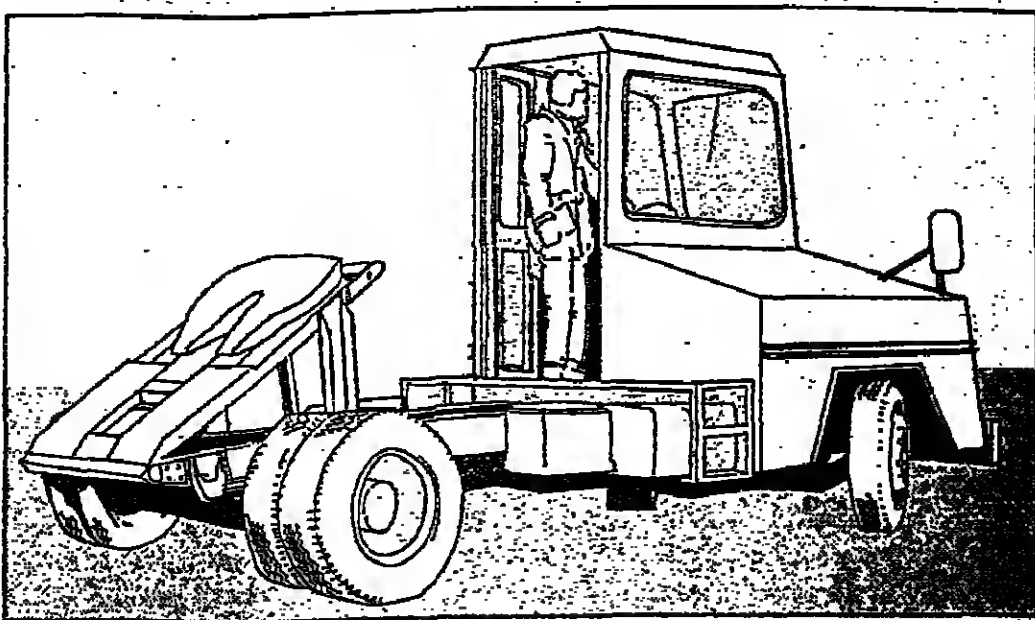
QUICKER AND cheaper heating of process water, as well as some other liquids, is offered with a method of injecting live steam.

The total heat content of steam supplied is transferred and quickly lifts temperatures to the required level. Maximum economy is achieved and no thermal loss occurs as a result of the introduction of intermediate exchange surfaces.

The new Horne injection heater easily fits into existing tanks and other liquid containers. Many applications are to be found throughout manufacturing industry including brewing, food, dyeing, and plating and generally wherever comparatively small quantities of liquids have to be heated quickly and economically.

The Horne heater, only 140 mm x 89 mm (5½ x 3½ in) is capable of operating with a maximum steam supply of 8 bar (120 p.s.i.). Higher steam pressures can be accommodated by the introduction of an orifice plate or reducing valve. The unit can be supplied on its own, or complete with a thermostatic valve.

Horne Engineering Co., PO Box 7, Rankine St., Johnstone, Scotland PA5 8DB, Johnstone, (0305) 21455.



## TRANSPORT

### Shunter for big road trailers

COMING ON the market soon is a yard-hammer for semi-trailers which has been designed so that the driver can perform most of the shunter's duties whilst sitting at the controls and without having to leave his seat, or clamber round the vehicle, in order to connect couplings, etc.

Either left or right-hand drive will be available for the steel half-cab which tilts right over for easy access to the engine and radiator. Entrance to the cab is through a tall door

which enables the driver to get up from his swivel seat and walk straight out on to the catwalk behind the cab for connecting or unfastening the emergency air-brake line to the trailer.

There will be no need to touch the landing legs of the trailer because the front end is raised bodily by the Shuntlift elevating fifth wheel, says Lyka Cranes, 282 Blackpool Road, Preston, Lancashire (0772 727927).

Coupling is on a rearhinged sub-frame with side-guides to absorb strain when coupling at an angle. Two hydraulic rams raise the sub-frame.

As the sub-frame is rearhinged it serves as guide rails to ease coupling, whatever its height, and it is held steady at all times so that sway is eliminated.

Dual controls will be an option, including a side access door and a seat which swivels through 180 degrees.

## SOFTWARE

### Access to masses of data

MONITORING the implementation of a standard Euronet command language is the subject of a new contract won by Scicon Consultancy International.

Scicon was awarded the contract by the EEC Commission. The company will co-ordinate the implementation of the Euronet guideline "Standard Commands for Retrieval Systems". The objective of the common command set is to give the users of Euronet a unified interface to the many information retrieval systems available on the network.

Work will involve liaison with the Euronet host installations implementing the command set; the production of a generalised

user manual; and the revision of the existing guidelines to reflect any new experiences.

Three centres where Scicon will monitor and co-ordinate the implementation are DIMDI, the German Medical Information centre in Cologne; the European Space Agency's Information Retrieval Service in Frascati; and Pisa-based Italian University CNUGCE.

Other sites where Scicon will be providing advice are in Berlin, Milan and Paris where the retrieval systems are based on Siemens, Univac and CII computer systems.

Sanderson House, Berners Street, London, W1P 4AQ, 01-580 5599.

## COMPONENTS

### Cell picks up more light

SANYO ELECTRIC has been developing a low cost highly efficient photovoltaic cell. As a result, a new structure and proprietary process using amorphous silicon has been evolved.

Cells built in this way can generate efficiently from fluorescent light, are easy to mass produce and very low in cost. In comparison to other solar batteries, in tests made by Sanyo, voltage output is 1.5 times greater.

Sanyo is planning to use this unit in calculators and electronic watches. This development was presented at the

Institute of Electrical Engineers of Japan, Electronic Parts study meeting, on February 16, 1979.

There are 12 patents (overseas included) pending.

Existing cells use a single crystalline silicon wafer or ribbon and are formed by adding impurities to the surface of crystalline silicon. A heat of over 1,000 degrees C is necessary to produce the crystalline material and add the impurities, and a great amount of energy is needed.

With the amorphous silicon photovoltaic cell, a very thin layer of silicon (0.001mm or 1/300th of existing solar batteries) is deposited on a glass or stainless steel substrate in a plasma discharge reaction in silane gas at the much lower temperature of 300 degrees C, saving energy and cutting cost.

Sanyo Electric, 6, 13, 15 Sotokanda Chiyodaku, Tokyo Japan.

## A tilt at Digital

### Reducing fleet costs

A TWO year-old 20-employee company which has been pioneering electronic engine speed controls for diesel lorries and buses, Fidus Controls of South Shields, has been given new impetus by an injection of capital from Buznle Pulp and Paper, which now has a controlling interest.

The move marks another step by Buznle to increase its electronics activity—it is already in process control, data processing and telecommunications.

Fidus as a result has been able to expand its sales force to cover the whole of the UK and undertake exporting as well.

Key product is a top speed governor which by limiting the road speed of heavy goods vehicles to some predetermined figure chosen by the fleet operator, can produce significant wear reduction in engine, gearbox, drive-line, brakes and tyres. In addition the company claims that fuel savings of between eight and 30 per cent can be made depending on vehicle type, duty and governed speed.

Heart of the governor is a revolutions counter based on radio frequency techniques which provides exact speed data from the output shaft of the gearbox. Basis of measurement is the disturbance of a field in the MHz region by the revolution of say, coupling bolts. Use of RF instead of the customary magnetic devices gives a more consistent performance over the whole speed range, claims the company.

An associated electronics box uses the pulses from the sensor to determine over-speed; if this occurs, a self-contained electro-pneumatic valve is actuated to reduce fuel flow to the appropriate level.

One version of the device has an additional stage to cope with conditions that can arise when the vehicle is moving down a slight gradient on a motorway for example. The vehicle is still being driven with the accelerator pedal by the driver, but the momentum could result in the set maximum being exceeded, and so a further fuel reduction is introduced if the speed reaches an additional two miles per hour beyond the set maximum.

The company also makes devices to prevent drivers from changing down at too high a speed, and electronic speedometers.

More from Haddon Way, South Shields, Tyne and Wear NE34 0NT (0632 556811).

The South Western Electricity Board will not now be using Ductalex conductor on the Hayle-Cambourne 132 kV line in Cornwall, due to technical problems, says Technical Utilities (this page, January 15, 1979).

## DATA PROCESSING

### Meeting the challenges from IBM

IBEL's new AS/3-5 is a significant addition to its Advanced System family of processors in that it offers internal performance up to 22 per cent greater than the newly announced IBM 4341 and is equal to the IBM 370/158-3.

Since it is available for immediate customer shipment, this means that some customers will be running the equivalent of the most recently announced IBM machines before the latter can deliver.

The new model is available with 2 Megabytes of processor storage as standard and can be upgraded to a maximum of 8 Megabytes in one Megabyte increments. The AS/3-5 processor memory has high density chips to match compact, efficient packaging with low power consumption.

Irel, Bowater House, 68 Knightsbridge, London SW1X 7LN.

## More machining centres

NATIONAL Semiconductor Corporation has announced a new microcomputer line called the Series/200, which is totally software and input/output compatible with the Digital Equipment Corporation's machines.

According to the National, the Series/200 will be marketed to large OEM customers. Detailed information on the product line pricing, availability, service and product distribution will be announced later.

The move is a continuation of work on plug-compatible computer lines marketed by National.

## METALWORKING

### More machining centres

TWO NEW machining centres from Kearney and Trecker Marwin have a tee-shaped bed with the Z axis travel generated by the table of the leg of the tee, and X axis travel by the column moving along the bar of the tee. The bed moving vertically in the bifurcated column generates Y axis movement.

This is a layout similar to the KTM 400 but the new designs have extended the axis and increased tool store capacity and—in the case of the KTM 560—increased horsepower.

On both models, there is a 50 per cent increase in X axis travel from 500 to 750 mm. On the KTM 560 only, vertical Y axis is increased 30 per cent from 500 to 650 mm.

For complex components that require more than 25 tools, KTM have developed a tool magazine with 40 tools capacity. This is standard on both machines. Also, the larger machine has the

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## Control in key areas

NCR HAS released IMCS (Interactive Manufacturing Control System) in the United Kingdom. It consists of various application modules for use with NCR 3250 and 8400 computers. Four packages of the system are available immediately, a further two will be available in May with two more following later in the year.

The system has been designed to meet the production and inventory control requirements of small to medium manufacturers employing either up to 250 or 250 to around 1,000 people. Included are manufacturers of fabricated metal products; machinery; electronic equipment; instruments; office equipment and furniture, etc.

An important characteristic of the system is its high degree of interactivity. As data is entered via a visual display terminal, files are updated immediately so that all data, action and management reports are as current as the last entry made at the terminal. The information time-lag associated with previous batch processing systems no longer applies.

IMCS is extremely flexible. Changes in such factors as forecasts, parts availability and manufacturing capacity which plans and schedules have to be frequently altered and the system is designed to react to these changes.

NCR, 206 Marylebone Road, London NW1 6LY, 01-723 7070.

# Cleveland factpack

Putting them in place. A detailed map of Cleveland County showing the available industrial land and major roads.

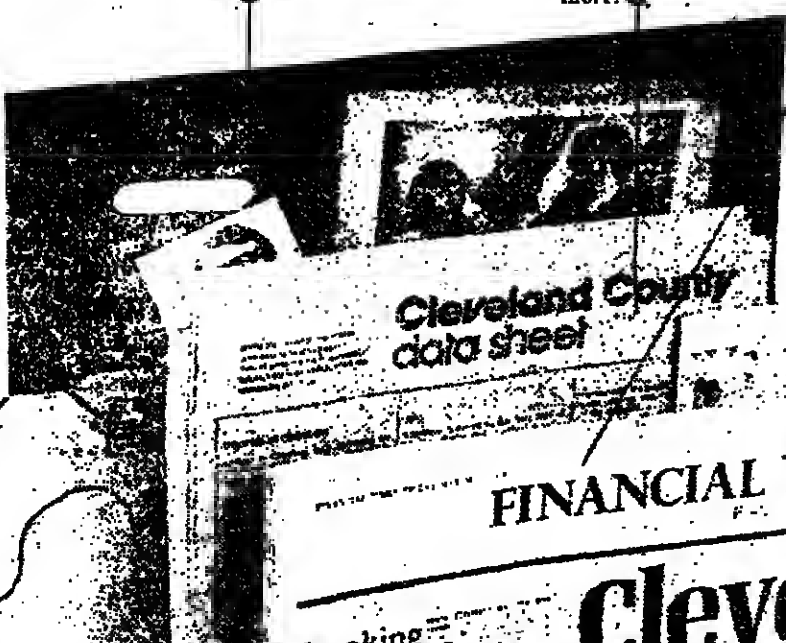
Cleveland journey. A five-sided impression of the county, its industrial scene, key workers welcome; family, recreational and scenic attractions.

Summaries of essentials. Financial incentives; labour, industrial sites, advance factories, office space, communications, utilities... and more.

What others think. FT and Daily Express reprints with independent views of life in the County and its future prospects.

A musical welcome to Cleveland by the Feltlers. A free record of two songs dealing with the County and the welcome it offers.

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- If not, turn off the whole supply at the meter if you can. Then ring us.

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# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Jason Crisp talks to the joint managing directors of Kwiksave about how they have multiplied the size of the company since its entrepreneurial founder quit six years ago amid considerable controversy

# The duo who followed a difficult act



Michael Weeks (left) and Ian Howe at their North Wales headquarters.

whereas now it has 156 and is opening new ones at a rate of one a fortnight.

There is no doubt that these two have made a success of building up Kwiksave. In 1973 it was quite a small company with a turnover of £27.9m and pre-tax profits of £2.2m. This has grown to £182m, with profits of £9.7m, for the year ending last September.

Although margins have manifestly been squeezed, pre-tax profits as a percentage of sales falling from 7.8 per cent to fractionally over 5 per cent, Kwiksave still has the best ratio of any of the main food retailing groups. In the retail sector, Kwiksave also has the highest turnover per employee at £31,245, according to a survey published last weekend.

Although they may feel they have done enough to bury the Gubay "myth" it would still appear to haunt them, because in the early days Kwiksave was Gubay.

### Drive-in

Although they tend to be scathing about him, Weeks and Howe do applaud Gubay's entrepreneurial flair in building the company as far as he did. He started in business first by converting a cinema into a toffee factory, entering retailing in 1962 with a drive-in supermarket. Kwiksave itself was started in 1965. The idea at that stage was sharply to discount a limited range of goods. Instead of stocking 4,000-5,000 product lines like, say, Tesco, Kwiksave stores carry only 500-600. The stores themselves are devoid of any frills and the customers help themselves out of original manufacturers' boxes.

Ian Howe, now aged 38, joined Gubay shortly after qualifying as a cost and management accountant and before Kwiksave had even begun. On Gubay's initiative Howe became involved in data processing. "It was almost unheard of for a small company in 1963," reflects Howe; he is still very much involved with the computer control systems.

Michael Weeks, a year younger than Howe, did not join until 1967. He had qualified as a chartered accountant in Liverpool before joining Pfizer Pharmaceuticals.

When Albert Gubay left, Weeks and Howe were both directors. Howe responsible for administration while Weeks was financial director. They both say that in the last year of Gubay's reign they were experiencing a lot of frustration. This, they say, was because Gubay still held very tight control on the company and at the same time had been losing interest in it. At one stage he was away from the company for 31 months, yet because he still made the final decision on new properties Kwiksave's expansion programme was fast running out of steam. Weeks says: "We were left with practically nothing in the pipeline in the way of new shops and you need to plan ahead for new properties for two years."

In late 1972 when it was discovered that Gubay was setting in New Zealand and had sold his shares, the board was hastily reorganised and Kwiksave's financial advisors Singer and Friedlander appointed Sir Timothy Harford, a senior partner, to the board. It had been an embarrassing time for Singer and Friedlander who had been unaware that Gubay had sold his last £3m worth of shares. Weeks and Howe, the newly

appointed joint managing directors came to London to convince a meeting of brokers that they possessed the right sort of management skills. Kwiksave had a glamour rating with a price earning ratio of over 20. They reflect "We must have looked very young and odd green." At 29 and 30 they were certainly young.

Of course there was a problem of persuading the investors that Gubay had not gone because something was going awry with the company. Why should he want to go? "It is a bit difficult to say. Well he lost interest," says Howe.

But it is true though that between them they had largely been running the company for much of the previous year as Gubay's interest in it had waned, but now they had the opportunity to do things with the company which would not previously have been permitted.

They immediately split the management function straight down the middle so that as joint managing directors they would not be reading on each other's toes. Michael Weeks became responsible for everything up until the day a shop opened and Ian Howe became responsible for the general administration thereafter.

Three further divisions of responsibility headed by individual directors are: buying, sales and transport, warehousing and distribution. And, because there are two managing directors, they settled on a non-executive chairman, Ian Hill, who was senior partner in their former auditors. This team has since remained intact.

For Weeks and Howe, Gubay's departure proved to be a tremendous piece of good fortune. Few thirty-year-olds

get to run companies, especially if they are working for one run by a particularly individualistic entrepreneur. Usually such entrepreneurs hang on far too long.

Howe and Weeks claim that the reason they work well together is because their personalities are almost directly opposite. "Mike is the extrovert," says Howe, and Weeks interrupts him to say: "Ian tends to be more conservative. I tend to be more rash and he pulls me back."

Their appearances would tend to bear this out. Weeks sports a winter tan, wears sharp clothes, carries one of those little bags that Italian men seem so fond of and drives a Rolls-Royce. Howe, by contrast, is

quieter and more soberly dressed. He drives a Mercedes.

They are both keen to emphasise that they have "entrepreneurial flair" rather than being at the head of a team of managers which has followed the Gubay formula. "If we were just pure managers the company would be dead by this time," says Weeks. One grouse which they have is that none of the board is a major shareholder; "we are just employees" complains Weeks, although according to the last accounts he does hold 120,000 shares issued under an incentive scheme. Howe has a similar number under the scheme and another 50,000. Between them they hold less than half of 1 per cent of the company.

But even if the company does not get tax relief, it still saves considerably on costs for the higher-paid executive. Given that the executive has to buy a suit once a year, the company has to pay him £800 so that he can pay out £200. With corporation tax at 53 per cent this costs the company £384.

It should be emphasised that this cost argument only applies to executives paying very high tax rates. For an employee paying only 50 per cent tax, it would be cheaper to pay him the extra salary rather than provide the suit, unless it can be allowed as a business expense. And the more universal the provision, the less likely it is to get Revenue approval.

Such benefit schemes are now being extended to shoes—a good pair can cost £50—shirts, ties, in fact, everything that the well-dressed executive needs to fulfil his function. There is no reason why similar schemes should not be applied to women executives. The cost of dresses and suits for women is sufficiently high to make it worth while. But if a scheme leasing dresses is being made available, then the fashion world is being extremely quiet about it.

Although the directors of many a quoted company hold less it is clear that they feel that, given the growth of the company, they should have been able to benefit from a more substantial stake. "The stock market capitalisation of Kwiksave when they took the reins was £29m; today it is over £60m. "It does grate," says Weeks. "What is our incentive? Why not go and do it for ourselves?"

Not that that is their intention. It should be pointed out that the highest paid director earned £39,703 in the financial year.

In spite of the High Street trading war the two remain irrepressibly optimistic, and are firmly committed to ensuring that Kwiksave's expansion continues apace. With other High Street stores indulging in price cutting, life has become noticeably tougher for the discount store. As they explain, it is not a question of how low their prices are but of how much

lower they're than those of their competitors. With gross margins being cut, Kwiksave's net margins have fallen, in spite of cost saving.

A question frequently raised over Kwiksave is whether this style of retailing will work in the long run, especially when earnings rise and shoppers become less cost conscious. Another is whether it will lose out to the hypermarkets or the new supermarkets.

One pointer the first question ignores is that many Kwiksave stores are near to working class areas, and that for low income earners food accounts for a large part of the family budget. Moreover, weekly wage-earners cannot afford to buy food a month at a time—as they might at a hypermarket. Kwiksave's bosses also note that if disposable incomes rise they will stock more luxury goods—the criterion is always high volume.

The company's major pre-occupation over recent months has been Cee N Cee, chain of 49 discount stores in Lancashire, Cheshire and the Potteries which Kwiksave purchased last year. Weeks and Howe have applied shock tactics to the management and workforce at the Cee N Cee. "I don't think there is anybody left above area manager," says Weeks, who has clearly enjoyed tackling the problems, which have included a number of strikes. He says that at the Cee N Cee warehouse, staff has been cut by half through redundancies.

Cee N Cee stores are being converted into the Kwiksave "format" at a rate of two a week, and Weeks claims to be able to see the light at the end of the tunnel.

Weeks and Howe sit in a large office with desks facing each other. Between them are maps of the north-west with plus marking stores present and minus marking those where Kwiksave is going, and they smile; a lot of England is still free of pins.



### Profile

#### Control key areas

NCR HAS released its active Maintenance System in the form of a software package. It consists of a number of modules for use on a variety of computers. The system is designed to help managers control key areas of their business, such as inventory, production, and distribution. It is particularly useful for companies with multiple locations or complex supply chains. The software is available on a range of platforms, including IBM, CDC, and Burroughs. For more information, contact NCR at their headquarters in Dayton, Ohio.

#### hining centre

People are being encouraged to wear suits, shirts, ties, shoes and other accessories in the latest development in the executive benefits field. The price of suits over the past five years has risen dramatically, far ahead of price inflation. An ordinary made-to-measure suit these days costs close to £180. A well-cut suit that the company would expect its senior executives to wear could cost at least £200. If the

## Don't buy a suit; lease one

BY ERIC SHORT

view is also wearing a suit that belongs to the company. The provision of company suits, shirts, ties, shoes and other accessories is the latest development in the executive benefits field. The price of suits over the past five years has risen dramatically, far ahead of price inflation. An ordinary made-to-measure suit these days costs close to £180. A well-cut suit that the company would expect its senior executives to wear could cost at least £200. If the

executive is paying tax at the top rate of 75 per cent, then he needs £800 to purchase a £200 suit. Not surprisingly, benefits consultants have seen the cost advantages of companies providing suits. Many leading tailors have been actively promoting the provision of company suits over the past 12 months. But it is not simply a question of the company buying the suit and giving it to the executive. The schemes are invariably more complex. The company leases the suit from the tailor, usually for a year, paying initially the full cost price of the suit. At the end of the year, the suit is returned to the tailor, and the company receives an allowance according to the condition of the suit. The tailor then sells the suit as second-hand clothing. The tax advantages of leasing compared with outright purchase have now reached this sector of employee benefits.

The doorman with his uniform worn only on duty does not get taxed at all, since the uniform can only be used wholly and exclusively in connection with his work. But the executive does not change into and out of his company suit every time he goes to the office, so he is taxed on that suit as a benefit in kind. For tax purposes, the amount is 10 per cent of the value of the suit when first used. So for a £200 suit the benefit in kind value is £20, and if the executive is paying tax at 75 per cent top rate, the suit is costing him £15 a year. Since these benefits are in general being confined to senior executives on salaries well above the £7,500 limit—£8,500 from April—they will be subject to tax. But if by chance the executive's salary is below £7,500, then no tax would be levied on the suit.

### Bearable

To provide five suits a year himself, an executive would need to earn £4,000 before tax to provide the £1,000 after tax—at £200 a time. Under the leasing scheme the executive needs to earn only £100 pre-tax for the five suits, a burden easily bearable. The Inland Revenue does not put any limit on the number of suits that a company can provide for an executive. The position as far as the company is concerned is far from clear. It can charge the provision of doormen's uniforms

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# How Tories can use the NEB

BY GEOFFREY OWEN

IF THE Tories win the next election, there will be a temptation for them to start work immediately on dismantling the Labour Government's apparatus of industrial intervention, of which the National Enterprise Board is an important part. But they would be wise to proceed cautiously. If they take a long, hard look at the NEB, they may find that some of its activities can be put to good use, to support of the Tories' own industrial objectives.

Clearly the NEB in its present form, a huge conglomerate with extensive powers (albeit sparingly used) to extend state ownership into manufacturing industry, will be unacceptable to any Tory Government. Some of its investments could and should be sold off without any difficulty. These include the minority investments in ICL, Brown Boveri, Kent, and some other companies.

## Unwinding

The minority investments in small, private companies, some of which have been negotiated by the NEB's regional offices, will be less easy to dispose of. Unless the Tories want to set up a government-funded small business finance corporation, which they presumably do not, there will have to be a process of unwinding these investments, which could take some time. A few of them might be sold back to the majority owners, others might be passed on to private sector institutions such as IFC.

At the other end of the scale the Tories will have to face the fact that BL and Rolls-Royce are going to be in the public sector for some time to come. The issue of whether the state holding should be administered directly by a Government department or through an intermediate agency like the National Enterprise Board is not of earth-shaking importance; there is no case for making a precipitate switch just to cut the NEB down to size. The important questions are how much money the Government should plough into these companies and what sort of return it should expect—and these have to be decided by Ministers, not the NEB.

One would hope that by the time Mr. Michael Edwards completes his three-year assignment next year it should be possible to see whether BL is going to be viable—and hence capable of being returned to the private sector.

## Too risky

A Tory Government will want to use public funds to encourage developments in micro-electronics and computers, as virtually every other industrial country is doing. It may be that a mixed public/private enterprise formed out of the NEB could be a useful vehicle for this purpose. This does not mean that all the NEB's projects would necessarily be preserved. For example, Immos, the micro-electronics venture, might, on inspection, be seen to involve an unacceptable degree of risk.

Members of the NEB staff might feel that the involvement of the institutions would curb their adventurous spirit. But both the institutions and the Tories say they want to encourage entrepreneurial risk-taking; here is an opportunity to put their principles into practice.

# Pinks: pitfalls of the new varieties

GARDENERS WHO mind what they grow fight two running battles. Either they want something old, excellent and well-known. Or they want to know whether anything good has come out of the newly-bred varieties and whether they should pay a price for them. Potentilla Red Ace, after all, was not even red. Rose Fragrant Cloud was not properly fragrant. I cannot say that I think Rose Super Star, that prince of harsh red oranges, to be super, either.

## Advice

First, an old favourite. Over the years, it has not been very helpful if I name the one surviving source of old violets, and then you set about their unsuspecting growers and clean out the stock in a week or so. They are almost as hard to buy from as the Bank of England. So I am pleased to see that a firm as diverse as Wallace and Barr, Marden, Kent, has taken up the challenge of one of your most persistent requests, the laced or Tudor pink. No other civilised country bothers about these. By their pink you shall know them: French pinks are just the plain old white or sugar-pink with fringes; German pinks are stout, dull, and limited. But ours were marvellous: blotched, striped,

scented, laced, and hugely free-flowering. Famous new sorts have since come in the form, not least the unstoppable Doris, who takes every prize for vigour and length of season. But I cannot keep many of these other ones alive from year to year. I follow the advice: the sharp drainage, the limiting of flower buds. But a wet winter kills those which survive the first crop of flowers in summer. Pretty though Swan Lake, Robin, Anthony and the others all are, I have kept to the vigorous of the old striped favourites. Now, you should be able to buy them without going to a specialist. You can add them to an order for spring dahlias.

Laced Pinks, I suspect, are no more Tudor than half the tie-bug houses in Sussex. But they have a white ground, in the best sorts, and are marked with what racing fans on this page would know as crotchets. These crotchets are brown, maroon, purple or deep rose. The clearer the crotchets, the better the variety. You can mix them with pinks whose ground is dark and edging white.

Their names are all pretentious. But ten each of Dad's Favourite (white-laced with chocolate-red), Laced Romeo (similar, but clearer), and London Glow (deep red edged with pink-white) would cost you around £12, delivered, and give you a marvellous edging for any path or well-drained bed. Pinks bato to be in damp, ill-drained ground. They like to be fed heavily on liquid manure in the summer. Restrict their number of flower buds in their first season so that the plants bush

## GARDENS TODAY

BY ROBIN LANE FOX

out into a mass of young shoots for the second season. These are the source of cuttings, quite easily rooted, which will multiply the numbers. Of a strong laced pink, you can never have too many.

So much for the old friends. Next, the news. Much has been happening recently to the thin orange-flowered montbretia. The results are too good to ignore. You know the plant I mean, that corn, to be technical, which in flowers are open, six-petaled clumps of upright flowers at the ends of rather wiry stems in July and August. It is happy in a light soil and flowers freely in sun. The leaves alone are a fine backing for a bunch of cut-

flowers. But nowadays, the flowers are improved beyond recognition. The new varieties are thought to be no less hardy, though the family by origin is South African. In a south or west border they are quite safe anywhere in England.

The first step was the fine flame-scarlet form sold as *Crocasmia macranthum*, by now

The corms increase yearly into a good, thick clump. I am moving it among white agapanthus and fancy the results. Bressingham Nurseries, Diss, Norfolk, can take you further down the line. They have crossed the old montbretia with its nearby relations and have come up with some striking colours, any of which is an improvement. The brightest is their new Lucifer, some three feet tall and earlier into flower, peaking in July. It is a brighter flame-scarlet, even than the fine crocasmia and makes a superb cut-flower. Bressingham Blaze is shorter and more of an orange-scarlet. Emberglow is particularly handsome. It flowers prolifically in a burn shade of orange which I could picture well in a big clump in a sunny south-facing front garden where it did not clash with a new red-brick. Vulcan is similar, but lasts longer in flower. Spitzke is a robust cross between old montbretia and the scarlet crocasmia, heaving much of the best of each parent.

## Contrast

Flexy orange flowers are welcome when the first white and ice-blue phloxes begin to open. In every case, these new varieties are a buy. They would be particularly good in a south coast or Mediterranean garden where they would enjoy the light soil and sun. Clay is not to their taste, but readers with Riviera retreats or sunny European borders should not miss out on these new developments in chilly old East Angles.

# Royal Dipper down to 16-1 for Triumph Hurdle

THE RUN on Ireland's Royal Dipper continued yesterday and the Royal Captive colt is now down to 16 to 1 with most bookmakers for next week's Daily Express Triumph Hurdle. It is not difficult to understand the enthusiasm of those

task against Corrib Chieftain in the Terry Rogers race on Saturday, and the fact that he failed by only a couple of lengths to give that year-older opponent one pound must put him right into the Cheltenham reckoning.

Incidentally, Corrib Chieftain, the subject of a massive gamble in last year's Daily Express race, goes for the Waterford Crystal Supreme Novice Hurdle. Paddy Prendergast Jr., was understandably, looking ahead to that race with a fair degree of optimism.

Turning to today's sport, I suspect that those popular trainers, Fred Winter and Bob Turner, may dominate Kenyon's Jackpot supported programme. The Uplands team is made up of Tamsano, Ten Dollars More, Rodman, Shannon Bridge and Ahmadi; while Turner's Marlborough raiders include Some Story and Danish King.

## RACING

BY DOMINIC WIGAN

backers supporting this tough four-year-old. Comfortable winner of a 20-runner maiden hurdle at Navan in November, Royal Dipper has since lifted the Sean Graham Juvenile Champion Hurdle at Leopardstown and taken second place behind Corrib Chieftain on a visit to Nass for the Terry Rogers Osbertown Hurdle. I have no doubt that he was attempting a particularly stiff

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# ENTERTAINMENT GUIDE

## OPERA & BALLET

COLISEUM, Credit cards, 01-240 5258. ENGLISH NATIONAL OPERA. The two operas of the English National Opera, The Barber of Seville and The Marriage of Figaro, will be performed at the Coliseum from March 5 and 6. The Barber of Seville will be performed on Monday 5.00 and 7.30. The Marriage of Figaro will be performed on Tuesday 6.00 and 8.30. Tickets from 1.00. Box office 01-240 5258.

COVENT GARDEN, 01-240 1050. THE ROYAL BALLET. The Royal Ballet will perform The Sleeping Beauty on Monday 5.00 and 7.30. Tickets from 1.00. Box office 01-240 1050.

DOMINION, Tottenham, CC, 01-850 5562. LONDON FESTIVAL BALLET. The London Festival Ballet will perform The Sleeping Beauty on Monday 5.00 and 7.30. Tickets from 1.00. Box office 01-850 5562.

SABLER'S WELLS THEATRE, 01-240 1050. THE ROYAL BALLET. The Royal Ballet will perform The Sleeping Beauty on Monday 5.00 and 7.30. Tickets from 1.00. Box office 01-240 1050.

ALBANY, York, 01-838 7978. ENGLISH NATIONAL OPERA. The English National Opera will perform The Barber of Seville on Monday 5.00 and 7.30. Tickets from 1.00. Box office 01-838 7978.

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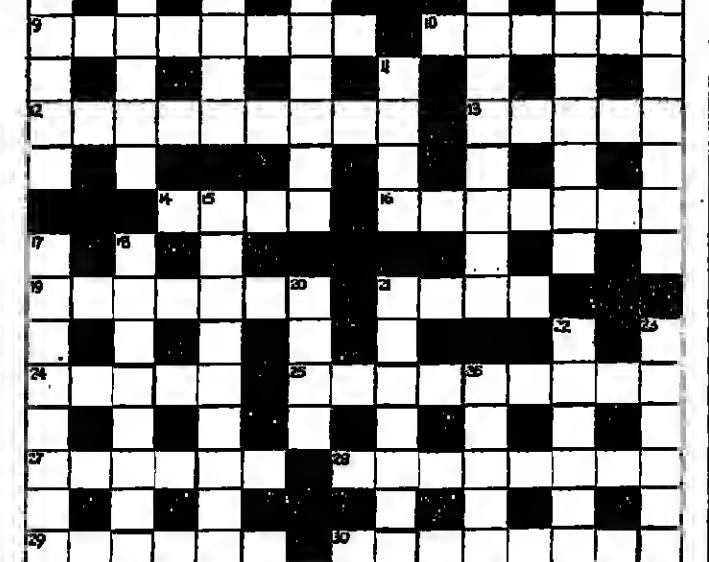
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## TV Radio

5.40-7.55 am Open University (Ultra high frequency only). 9.38 For Schools Colleges. 10.45 You and Me. 11.00 For Schools. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools. Colleges. 3.33 Regional News for England.

## F.T. CROSSWORD PUZZLE No. 3,915



1 National emblem of imitation stone (8). 2 Name me in return? It makes one sick! (6). 3 Rush round meadows when set free (8). 4 Bumps into Oriental coming back in high regard (9). 5 Mature in larder to make splendid display (9). 6 Female adults one right as lesser (5). 7 Mad about eastern wine (4). 14 State without newspapers (7). 19 Fired for wrongly editing? (7). 21 Unhappy about pole in beach (4). 24 Confront ringleader? It's an affront! (5). 25 Always in fur that may be cut off (9). 27 Putting vessel in pig's quarters shows rash condition (8). 28 North African type I nag abominably (8). 29 Decline to accept rubbish (6). 30 Mix lined with sugar to start with for sloth (8).

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Wednesday March 7 1979

On the eve of the President's mission to the Middle East, Jurek Martin, U.S. Editor, reports from Washington

Mr. Carter's 'noble and naive' foreign policy

Observers in Rhodesia

RHODESIA'S transitional government has asked Britain and the U.S. to send observers to witness the general election planned for April 20. Ostensibly, the British Government is studying the invitation: in reality, it is trying to assess whether the holding of elections calls for any modification of its policy towards Rhodesia. It cannot remain silent on the issue for very long: Mr. Francis Pym, the Conservative spokesman on foreign affairs, has urged the Government to accept the invitation, while in the U.S. a bipartisan resolution has been tabled in the Senate to send a 50-man team to Rhodesia to monitor the elections.

But whether one likes these elections or not, they will form a major landmark in the Rhodesian political scene for the next few months. Having pinned its hopes on some form of democratic legitimacy, the Salisbury regime is not going to be looking for any international negotiation until the vote is out of the way, and probably not then until it has had time to set up a plausible government under a black prime minister.

The guerrilla forces of the Patriotic Front fear the election precisely because it may conceivably lend an air of legitimacy to rival black leaders, and may thus lead to the erosion of the UN-sponsored sanctions policy against Rhodesia. For that reason, the Patriotic Front will undoubtedly step up the war in an attempt to make it impossible for the election to be held. While the election will not stop the war, therefore, it is possible that the war will stop the election.

When the internal settlement was announced nine months ago it was greeted in much of the outside world with scepticism if not scorn. Few people believed that Mr. Ian Smith would, in the end, prove willing or able to carry out the programme of black majority rule, and when the election date was postponed from December 1978 to April 1979, the sceptics believed their doubts had been vindicated. Now, however, it is clear that the Salisbury regime is irrevocably set on the path towards elections, because it sees this as the only way in which it can secure some kind of legitimacy inside Rhodesia, and some kind of recognition from the outside world.

There is a number of serious objections to the election programme. It is based on a constitution which will continue to give the tiny white minority a wholly disproportionate share of the seats in the new parliament. It will be taking place in the middle of a guerrilla war, with 90 per cent of the country under martial law, and with so much intimidation or attempted intimidation from all sides that there can be no confidence that the results will fairly reflect the feelings of the Rhodesian population. Above all — and this is the most frequently voiced argument of the detractors of the internal settlement — the elections will not stop the war.

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White role Each of these objections is open to some debate. In admitting the principle of black majority rule, the whites have come a long way. The elections will, to be sure, be taking place in the most inauspicious circumstances.

As an unlamented recent president used to say: one thing should be made perfectly clear. Jimmy Carter is not going to the Middle East today to try and forge an Israeli-Egyptian peace agreement in order to win re-election in his own country next year. It is necessary to say this from the outset because already, within 24 hours of the announcement of his high risk mission, speculation has centred in Washington almost as much on what success or failure will do to his chances in 1980—not to mention his currently flagging prestige—as on the prospects for the next few days in Cairo and Jerusalem. Already there is talk that the President is merely attempting the classic chief executive's ploy of salvaging domestic misfortune with a dramatic foreign initiative the outcome of which is already assured in advance.

In fact, this is not the case. It may well be that failure in the Middle East will help consign Mr. Carter to a one term presidency, just as success may aid him in his quest for another four years in the White House: more probably, given the generally short-lived impact of foreign policy achievements on domestic opinion, as demonstrated by the first Camp David accords, his star will rise or fall on the fortunes of the American economy. Yet any serious analysis of President Carter's foreign policy, especially as conducted in the trying global circumstances of the last six months, can only lead to the conclusion that the last things he looks for are easy or politically popular solutions.

The right policies It is more accurate to say that this often curiously non-political President is so convinced of the rightness of his own approach that he is almost careless of the consequences that might befall him personally, or put another way, that he would rather fail in the pursuit of the right policies than serve eight years in the White House by ducking the tough issues or seeking simple answers. Mr. Carter knows by experience that there is no more intractable problem than the Middle East but the character of the man is such that this whets, rather than blunts, his appetite.

Nevertheless, the most intriguing aspect of the national debate, be it over "who lost Iran" or "why didn't the U.S. stop China invading Vietnam" has been the dearth of anything other than jingoistic remedial solutions on the part of Mr. Carter's critics. And this is

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The high point: Mr. Carter with Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin at the White House after the Camp David summit last September

But the Israelis, in particular, still view Mr. Carter with profound mistrust. They tend to see a president who has not really been to the political barricades in the U.S. proclaiming eternal allegiance to Israel, who has defied the powerful American Jewish lobby and significantly tilted U.S. policy in an Arab direction, and who has, to boot, a brother who mouths anti-Semitic sentiments. Some prominent Israelis such as Foreign Minister Dayan and Defence Minister Weizman may agree with Mr. Carter's basic analysis that time is no longer on the side of a Middle East settlement in the wake of revolution in Iran, but they really do not know how far Mr. Carter will go if a solution cannot now be reached. There is still the fear that Mr. Carter is capable of reassessing the entire range of American foreign policy alignments in the Middle East if Israel balks now — a consideration which previous presidents would not have been expected to entertain.

Mr. Carter will also have his work cut out to get the necessary compromises out of President Sadat, who, for all the closeness of his contact with the U.S. President, must be wondering what happens to U.S. policy in the event of failure. Mr. Carter has spoken publicly of the possibility that President Sadat will be pushed by events into a more belligerent position: it is also true that the U.S. has so far failed to set the endorsement of any other central Arab nation for the Camp David accords and it now has encountered fresh problems with a highly nervous Saudi Arabia. It is clear that Mr. Carter has impressed on Mr. Begin in the past few days that President Sadat's position would be rendered perilous in the extreme by Israel's failure

to make a move in the direction of autonomy for Palestinians in the West Bank and in Gaza. But at the same time he is bound to impress on President Sadat the overriding need for Israel to feel secure.

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opinion polls. That the U.S. should be militarily strong and secure, but should practise détente and not throw its weight around too much. There is another dimension to Mr. Carter's foreign policy making which has particular relevance to the Middle East. This is his personal use of power. He had minimal direct contact with foreign affairs when he assumed office: perhaps even more than most presidents he has become fascinated with the subject, immersing himself in every intricacy, even at Camp David, actually negotiating the fine print of agreements. It is a process which satisfies his own intellectual ego and suits his practical turn of mind. But at the same time, the suspicion is that all his hard work has not yet imbued him with a sense of history or of the traditional balances that statesmen are supposed to maintain. He does get advice from Mr. Vance, Dr. Brzezinski and others, but there is no doubt it is Mr. Carter, who sees himself as the epitome of the rational man, who calls most of the shots on his own.

Consequences of his actions This helps to explain why the President, almost impatiently, is capable of raising the stakes in the Middle East or running the risk of offending the Russians by normalising relations with Peking, simply because he is judged from the signals from Peking that the time was right. It has led some critics to allege that he does not think through the consequences of his actions. So far, it appears that the Russians are so interested in a strategic arms limitation agreement that they have swallowed the China pill.

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MEN AND MATTERS

Muldergate takes to the air The sage of South Africa's home-grown Watergate, the information department scandal involving the mispending of millions of pounds worth of money earmarked for secret propaganda, grows more and more odd. The latest twist is that General Hendrik Van den Bergh, the former head of the Bureau of State Security (BOSS), has set off across the world on a private mission "to save South Africa."

Balancing act The elusive Octav Botnar, chairman of Datsun UK, is not given to crowing. But he has proved his point that the British can sell to Japan if they put their minds to it, "invisible barrier" or no. A German in his 60s who has made a fortune selling Japanese cars to the British, Botnar has at least partially corrected the balance by selling the Japanese, through his Dataport subsidiary, 54,000 cases of Scotch — when Japan is already awash with the stuff. He has also sold them 655,000 worth of textiles, and motor accessories worth 297,000.

Spire ire Redundant Anglican churches are being demolished at about one a month these days — not many, seeing that there are nearly 14,000 left. Usually they vanish discreetly, but occasionally there is what might be called an unholy row. Such a case is St John's in Reading — even the Archbishop of Canterbury has now become involved.

Pastures new The thoughtful types who form the bulk of a newly established group of environmentalists called The Green Alliance seem keen to avoid the excesses of their wilder counterparts in

France. The green men in France have thrown themselves into the electoral fray with some abandon, but said to be splitting into factions in the time-honoured style. The launching party for the Green Alliance of London's Royal Commonwealth Society yesterday had, by contrast, a dignified air, somewhere between mandarin and romantic. "We are," said chairman Maurice Ash of the Town and Country Planning Association, "trying to change the climate of politics." The "green" part of the alliance symbolised "new schools from the dead earth," he went on, with scarcely a hint of self-consciousness; the aim was a new respect for Nature, and therefore no less than "a different relationship between man and man."

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مكتبة الأحرار







UK COMPANY NEWS

Turner & Newall decline continues in second half

TAXABLE PROFITS of Turner and Newall fell 15 per cent from £45.25m to £38.5m in 1978, after lower contributions from associated companies and increased financing charges.

The directors say trading in the UK and the rest of Europe proved far worse than expected. In addition, strikes, particularly overseas, are estimated to have reduced pre-tax profit by £3m.

They add that overseas results before tax were down by £1.2m when translated at the exchange rates effective at end-1978 compared with end-1977 rates.

At half-way, when taxable profits were down from £23.24m to £20.47m, the directors said there were signs that demand for most of the group's UK products was improving slowly.

Full-year stated earnings per £1 share on a net basis are 17.06p compared with 30.89p restated to take account of bonus element of 1978 rights issue; or 25.54p (35.29p) on a nil basis.

The total dividend is lifted from 10.1p to 11.5p, as forecast at the time of the rights issue last April, with a final payment of 7p.

The directors say that, although demand and profitability in some sectors of the plastics and industrial materials division were down on last year, BIP's chemicals activities did well, and Storeys recorded an improved performance in its first full year with the group.

Trading conditions for automotive components were difficult, particularly gaskets and filters in the UK, they add. Hunt Chemical, based in the U.S., had an excellent year, increasing sales volume and operating profit.

A stronger performance in the UK for construction and insulation materials was offset by operating difficulties in Nigeria and a long strike, now settled, at Atlas in Canada.

Associated companies' results were down, explain the directors, because of a three-month strike at the Cassiar mine, closure of the Clinton mine and exclusion of a share of United Asbestos Cement earnings.

A divisional summary of sales and trading profit, £47.8m (£48.5m), shows (in £m) plastics and industrial materials at £214.8 (£151.4) and £12.5 (£12.2); automotive components £162.3 (£132.1) and £11.3 (£16.6); chemicals £50.5 (£11.7) and £5.7 (£9.9); construction materials £34.4 (£31.3) and £5.9 (£12.2); and asbestos mining and fibre distribution £48.5 (£43) and £6.5 (£6.6).

Plastics and industrial materials, and chemicals, results include Storeys and Hunt Chemical for three months only in 1977. Direct export sales from the

HIGHLIGHTS

Lex takes a reasonably bullish view of Unilever's current year prospects, parity problems apart, and is encouraged by the strength of volume growth which is now flowing quickly through to profits.

Investment in working capital was substantially reduced in a number of areas, the ratio to sales being improved from a comparable 26 per cent to 25 per cent.

Of the extraordinary debit of £7.5m (£0.72m), the directors say in September 1978 the minority shareholding in United Asbestos Cement was sold for £3.4m at a profit of £2.2m. Faced with surplus capacity, TAC Construction Materials is closing certain manufacturing facilities at three sites at a cost of £6m.

Greenfields Leisure reaches £1m—prospects never better

THE DIRECTORS of Greenfields Leisure, formerly Greenfield Millets, reports taxable profits ahead from £954,880 to a record £1m for the year ended October 31, 1978, and say that prospects and profitability for the whole group have never been better.

The period was one of consolidation, the directors state, preparatory to a large expansion programme in the current year; to date three new branches are trading and a lease has been signed for another seven, which will be trading later in the year.

This will make a total of 62 units, providing an increase of over 35 per cent in total retail sales on last year, they add.

At the interim stage profits had advanced from £316,000 to £326,000 and a good result was expected for the full year.

The year's earnings, however, are shown down at 7.84p (9.59p) per 10p share after a tax charge of £129,977 against a £20,557 credit last time. The dividend is stepped up to 1.93449p (1.75p) net with a final of 1.30799p.

The amount retained came out valued at £631,131 (£1.28m) after an extraordinary credit, for 1978/77, of £497,465. Net assets are given as £4.52m (£3.6m).

Exchange rate movement depresses Unilever profit

COMBINED ATTRIBUTABLE profits of Unilever were virtually unchanged at £81.8m compared with £82.3m in the fourth quarter of 1978, leaving the total for the year ahead by 5 per cent to £270.7m on the basis of closing exchange rates or a rise of 8 per cent using comparable rates.

The year's result was split as to an unchanged contribution of £150.6m against £150.9m by Ltd. and an increase from £107.1m to £120.1m from NV. In the fourth quarter the two sides turned in £40.7m (£41.1m) and £21.1m (£21.2m) respectively.

The directors state that the results in 1978 were considerably affected by exchange fluctuations and the impact was particularly adverse in the fourth quarter.

In the fourth quarter total sales value was 12 per cent higher than in the corresponding quarter of 1977. Of this about 7 per cent arose from increased volume, 2 per cent of which came from National Starch.

In Europe, nearly all product groups contributed to the higher operating profits. For the full year the operating profit showed an increase of 11 per cent to £98.5m at closing rates and was up by 13 per cent on a comparable basis. On a closing rate basis the operating profit in the fourth quarter increased by 27 per cent to £161.9m.

In North America, there was an increase in operating profit due to the contribution of National Starch for the full quarter. Sales in most countries

outside Europe and North America continued to be good. Non-recurring items (which are shown at £12.6m (£9.8m)) included provisions for the cost of reorganisation in the transport business, in the paper, plastics and packaging businesses in Europe, and in Lever Brothers in the U.S.

For the year as a whole sales value rose by 8 per cent from £9.15bn to £9.84bn at comparable rates of exchange. This included a volume increase of some 3 per cent.

In Europe the operating profit of most products groups, apart from toilet preparations and paper, plastics and packaging business, improved considerably over 1977.

The directors state that in North America results were affected by heavy expenditure for the launching of new products. In most other countries outside North America and Europe profits were considerably above those of 1977. UAC International again did well but profits in Nigeria began to decline towards the end of the year.

Limited's total dividend declarations for 1978 if paid in full would exceed the dividend payments for 1977 by more than the increase in operating profit. As before, the Treasury has agreed to the declarations by Limited, subject to the condition that the total paid for 1978 is kept within the limit and payment of the balance of 1978 dividends is postponed.

Commenting on the remainder of the year Mr. Pybus says that solid fuel and fuel oil should be the most significant contributors to trading profit because the weather has hit builders' supplies agricultural services and some other activities.

There is also the effect of industrial action already taken or threatened, and the higher interest rates which come at a time of maximum borrowing to finance fuel stocks.

Taxable profits for the nine months were struck after interest charges of £318,000. This compares with £346,000 for the first nine months of the previous year, and £736,000 for the full year.

However, attributable profit comes out at £132m, against £125m, and the interim dividend is reduced from £1.6m to £1.37m. Among the reasons for this was the low demand before the cold weather and the lack of suitable qualities of domestic supplies.

But the shortfall should be recognised by the year end because the exceptional weather has greatly increased demand. On the fuel oil side an expanded network of distribution depots led to a higher sales volume, and profits were maintained at £271,000 (£285,000) although margins were depressed. However, the tanker drivers' dispute and the Middle East troubles have hit current profits will not be as high as would otherwise have been achieved, says the chairman.

Intense discounting in the wholesale sector in the domestic fuel supplies led to tough trading. The trading profit was down from £385,000 to £297,000 and the contribution from this side is expected to be slightly less than last year.



Sir David Orr, chairman of Unilever (right) with Mr. T. Thomas, chairman of Hindustan Lever, who has been nominated for election to the Boards of Unilever and Unilever NV.

The final dividend is again to be paid by instalments. The first of £7.4p will be paid on May 29. This will bring limited's payments for 1978 up to 13.94p which, after making the necessary adjustments for the change in the rate of AGT in 1978, is within the limit. The balance, which together with the deferred balance of earlier dividends will amount in total to 33.52p per share, will be paid when circumstances permit.

The dividends of Limited for 1977 include the further payment of 0.11p per share in respect of the final for 1977 as a consequence of the tax rate having been changed.

See Lex

Increase by Mercantile Investment

AFTER ALL charges, net surplus of the Mercantile Investment Trust increased from £2.2m to £2.67m for the year to January 31, 1979. Gross revenue was higher at £6.3m compared with £5.73m.

From stated earnings of 1.89p (1.54p) per 25p share, the dividend total is lifted from 1.25p to 1.7p net, with a 1.35p final.

The builders' supplies side showed satisfactory progress, he adds, and this would have been better but for teething problems at the new Stairfoot Kiln of Yorkshire Brick Company, which have now been solved. This sector increased profit to £560,000, against £700,000.

Eleven years ago solid fuel accounted for roughly 85 per cent of pre-tax profits at AAH. Today this proportion is not much more than a quarter and in future years dependence on this traditional activity is likely to be even less. Such a trend can only be healthy for the company and the latest figures are a further illustration of the point. Solid fuel is still responsible for almost three-quarters of margins, but margins have slipped again, and although there is some scope for growth via acquisition in the group's areas of operations the markets for all fuel distribution are extremely competitive. Expansion will therefore have to come from the group's other activities and while the nine-month figures (and no doubt the full year outcome) appears pedestrian there are some hopeful signs for the future. Losses this time from the building supplies side, for example, should be made good next year while the road haulage results would have been substantially better but for the lorry drivers' dispute. On the other hand, many of the company's activities rely on favourable (not necessarily good) weather. At 1978 and assuming next year's office properties the p/e and the prospective yield a healthy 9.9 per cent.

ISSUE NEWS

Yearlings down to 11 1/2% The coupon rate on this week's batch of local authority yearling bonds has dropped from 12 per cent to 11.5 per cent.

The stocks are issued at par and are due for repayment on March 12, 1980. The issues are: Borough of South Tyneside (£1m), Crawley Borough Council (£0.5m), South Bedfordshire District Council (£0.5m), Lincoln Borough Council (£0.35m), South Kesteven District Council (£0.5m), Hertsmere District Council (£0.75m), City of Norwich (£1m), Bracknell District Council (£0.5m), London Borough of Camden (£1m), West Yorkshire Metropolitan County Council (£0.5m), North East Derbyshire District Council (£0.8m), City of Dundee District Council (£0.5m), Fife Regional Council (£0.5m), City of Leeds (£2m), Bedfordshire County Council (£0.5m), Newbury District Council (£0.25), South Derbyshire District Council (£0.25m), West Yorkshire Passenger Transport Executive (£0.5m), City of Kingston upon Hull (£1m) and Newark District Council (£0.5m).

New issue from PUTPAGS The Property Unit Trust for Public and General Superannuation Schemes (PUTPAGS) is making a new issue of units at a net price of £1.10 per unit to yield 4.0 per cent. Subscription date is March 8.

At January 31 1979, the total value of PUTPAGS was £22.4m, including £1.7m held in cash. The portfolio comprises 45 properties which provides a total net annual income in excess of £800,000. A breakdown of the fund by value as at January 31 showed:— office properties 27.3 per cent, shops 16.8 per cent, industrial premises 18.2 per cent, and agricultural land 28.4 per cent; cash fund at 7.7 per cent.

Second-half rise boosts G. Wills

AFTER A downturn at the half-way stage pre-tax profits of George Wills and Sons (Holdings) were well up to expectations, for the whole of 1978.

Taxable profits for the year to December 31 rose from £296,510 to £1,020m on turnover ahead from £83.2m to £85.5m. And the directors are looking for a further profits advance in the current year.

At the interim stage when pre-tax profits fell from £445,000 to £305,000 the Board said it was confident of comfortably exceeding its previous forecast for the year of a £750,000 surplus. The directors added that the half-way figures reflected a temporary setback in the international commodity section.

As forecast at the time of the acquisition of Jack Kleeman (Merchants) earlier this year, the net final dividend per 25p share has been lifted from 0.7292p to 2.4287p on the increased capital. Treasury approval has been given. This lifts the total from 1.5542p to 3.35p.

Stated earnings per share are down from 10.09p to 9.3p. Tax for the year takes £662,254 (£539,353). There are minorities of £24,400, against £25,655, and there was an extraordinary item last time of £32,650.

comment The small 3.5 per cent increase in full year pre-tax profits at George Wills tends to disguise a rather volatile profit performance in 1978. At the half-way mark pre-tax profits were down 31 per cent due to a "temporary setback" in the international commodity division. In July, 1978, the chairman indicated that a full year figure of not less than £750,000 was likely. A little later, when announcing the interim figures he said the expected result would be comfortably above £750,000. In the event, a 32 per cent jump in second half profits enabled the group to put its profit nose in front of 1977. But there is a singular lack of information from the company on what brought about the "temporary setback" or on how the position

was reversed. A circular to shareholders, due on Friday, setting out details of the offer for toy importer, Jack Kleeman may give a few answers but it is more likely that some sort of picture will not emerge until the release of the annual accounts. The shares were unchanged at 64p giving a p/e of 6.6 and a yield of 8.1 per cent.

Lonsdale Universal optimistic

FOR Lonsdale Universal, the trend of the trading performance in the first quarter of the current year is encouraging, says Mr. N. G. Ramsayer, the chairman, in his annual review.

While he believes the group will continue its growth, he says it will be difficult to maintain such a high rate, under prevailing economic conditions. "However, we shall continue to seek every opportunity to do so."

As reported on February 2, taxable profits for the year ended September 30, 1978, rose by £578,000 to £1,422m. Turnover was up from £26m to £30.2m, and the dividend is lifted to £1,729p (4.6324p) with a 3.0292p net final.

The group was helped by the reduction in loss-making activities, and Mr. Ramsayer says the improvement was substantially due to sustained growth in all activities.

In the current year Lonsdale will benefit, he states, from the continuing investment in new machinery and from a full year's trading in Australia.

He adds, however, that while group borrowings will fall as surplus retail properties are sold, higher interest charges will be incurred in 1979-79.

A current cost statement reduces pre-tax profit to £1,433m (£987,000) after adjustments for depreciation £103,000 (£90,000); cost of sales £197,000 (£348,000) less the gearing factor £114,000 (£185,000).

Table with 5 columns: Company Name, Current payment, Date of payment, Corrected dividend, Total last year. Includes AAH, De Beers Industrial, Greenfields Leis, Mercantile Inv, Scotiabank Inv, Suncel Krian, Turner & Newall, Unilever Ltd, Unilever NV, Union Corp, George Wills.

THE PRESTIGE GROUP LIMITED. Mr. David Lawman reports on 1978. The following is an extract from the Statement by the Chairman, Mr. D. J. T. Lawman, which has been circulated with the Report and Accounts for the year ended 31st December 1978.

THE NEW THROGMORTON TRUST LTD. Capital Loan Stock Valuation—March 6th, 1979. The Net Asset Value per £1 of Capital Loan Stock is 207.61p. Securities valued at middle market prices.

Trust Houses Forte Limited

Results: Year to 31st October 1978 1977 % Increase. Trading Receipts 613.8 531.0 16%. Trading Profit 70.1 54.3 29%. Profit before Taxation 55.5 38.0 46%. Profit after Tax and minority interest 31.7 24.5 29%. Earnings per share 31.4p 24.4p 29%. Dividend per share 10.63p 8.2094p. Dividend cover 3.0 times 3.0 times.

Copies of the Annual Report can be obtained from the Secretary, Trust Houses Forte Limited, 1 Jermyn Street, London SW1Y 4UH.

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مكتبة الأصيل



Companies and Markets **UK COMPANY NEWS**

# L & G Pensions fund passes £1 bn mark

The total value of funds managed by Legal and General Assurance (Pensions Management), a subsidiary of Legal and General Assurance Society, advanced by over one-third last year to £1.01bn—thereby passing the £1bn mark in less than eight years since the company was launched.

The Mixed Fund, based on equities and fixed-interest securities, remains the largest fund with the company, and it rose by 29 per cent last year from £404m to £520m, its unit price jumping 8.2 per cent over the year. During the year some £55m was invested in high coupon long-dated gilts and over £23m net was put into equities, about half of which took place towards the end of the year. At the end of the year, the portfolio was split 82 per cent UK equities, 7 per cent overseas equities and 11 per cent fixed interest, the remainder being cash on deposit.

Growth in the Property Fund was even more spectacular, rising by 47 per cent from £282m to £415m. About 40 of L and G's clients use this fund only as a vehicle for direct property investment. The offer price of units rose by 19.2 per cent over the year. During 1978, £57m was spent on new properties, £1.7m on improving existing holdings and £13.5m on the development programme.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are to be paid and the sub-dividends shown below are based mainly on last year's timetable.

**TODAY**  
Interim—G. H. Downing.  
Finals—City and Commercial Investment, Cornhill Overseas, First Guernsey Securities Trust, Kead International, Nu-Swift Industries, SKF, Westwood Doves, H. Woodward, F. W. Woolworth.

## FUTURE DATES

Brooks Bond Lings	Mar. 13
Equity Income Trust	Mar. 20
Stobart and Piff	Mar. 20
Telidon	Mar. 9
Finals	
Power Corporation	Apr. 5
Power Surge	Mar. 8
Falciough Construction	Mar. 12
Festiniog Gogart	Mar. 22
Pinzard	Mar. 19
Tomatin Distillers	Mar. 20
Belle-Isle	Mar. 22
Unisec	Mar. 8
Williams & James (Engineers)	Mar. 22
Vyle Cans	Mar. 15

The company offers pension fund investment management services to pension schemes through pooled funds managed by L and G. The trustees can use this service as part of the pension package provided by the parent, or it can simply use the funds for some or all of its investment. During last year 94 new clients opened accounts with the company bringing the total to 432. Of these new clients, 30 were entirely new accounts with no previous connection with the Legal and General.

The amount of new contributions from pension schemes rose by 50 per cent in 1978 from £100m to £150m. A further £85m of new money for investment came from dividends, interest and rents compared with £50m in 1977.

Much smaller rises were recorded in the other two funds. The Equity Fund advanced by over 33m to £32.6m and the Fixed Interest Fund by nearly £3m to £40.2m. The corresponding rises in the unit prices were 11.9 per cent and 3.3 per cent respectively.

# County Bank chairman confident

Mr. Wild believes that, during the coming years, some of the company's existing services will be capable of particularly rapid expansion. These include acceptance credits, provision of permanent equity capital for industry and eurobond and other international financing.

He says 1978 was another record year for the bank's fee income and showed a substantial increase in its lending portfolio, a major growth in its position in the eurobond market and the successful launch of two new exempt funds.

The corporate advisory division played a full part in raising capital for industry and introducing new companies to the stock market. By the year-end

its three offers for sale had attracted more than half of the new money raised in this way on the Stock Exchange.

The finance sector increased its advances in sterling and other currencies by 21 per cent over the year while the investment division is currently involved in the management of investment funds exceeding £1.3bn.

Since the last report, the international department has expanded considerably, the chairman states. Eurobond business has become the major area of growth for the department and, in 1978, the most significant operation was the lead management of the U.S.\$225m two-tranche issue for National Westminster Bank.

After tax and dividend payments of £785,000 to its parent company, retained profits of £2.2m were added to reserves. Total assets amounted to £565.9m (£581.9m) and the bank's capital and reserves stood at £232.2m. Advances totalled £233.9m (£189.4m).

# Edinburgh American policy

Edinburgh American Assets Trust, the investment trust which specialises in small overseas companies, is looking beyond the U.S. for growth.

Because of that country's size and well developed stock markets, the group is likely to maintain a considerable portfolio investment in the U.S., Mr. Peter Balfour, the chairman, tells shareholders in the annual report. At the end of 1978 this amounted to 52 per cent of assets.

Mr. Balfour, however, added: "Other countries with less mature and faster growing economies and sometimes under-valued currencies offer opportunities for investment." He says the Trust will continue to broaden its interest in other countries, "particularly in the Far East."

Turnover rose from £172,839 to £202,055. Because the company's main activity is related to the summer season, this profit comes in the second half and this time it advanced from £58,581 to £85,935.

After tax of £9,455 (£9,077), earnings per 20p share are shown higher at 6.02p against 5.15p. The net dividend is stepped up to 3p (2.5p).

The company is a subsidiary of Nicholson Investment.

Brickhouse Dudley, the building and civil engineering cast iron and steel products group, is to rationalise its manufacturing and marketing operations with effect from April 1 by the formation of two new companies. Brickhouse Dudley Manufacturing will effect the group's manufacturing and marketing responsibilities, and will coordinate the planning and production of its five manufacturing companies.

Brickhouse Broads International will utilise and co-ordinate the exporting capabilities of all the group companies. It will work in unison with the group's drainage castings companies to expand its overseas sales.

Group sales have increased over the past five years from turnover of £8m to £21m, with exports now contributing some 20 per cent.

# GROUP LIMITED

Mr. Balfour acknowledges that the risks of failure are clearly higher for the "smaller investment company" but he points out that this type of investment has greater rewards. A one-for-one scrip issue is proposed.

As known pre-tax surplus rose from £507,035 to £547,174 for

# Brickhouse Dudley rationalises

Mr. Balfour, however, added: "Other countries with less mature and faster growing economies and sometimes under-valued currencies offer opportunities for investment." He says the Trust will continue to broaden its interest in other countries, "particularly in the Far East."

# Progress seen by Neil & Spencer

Provided that Neil and Spencer Holdings is able to operate normally and is not unduly affected by outside influences, Mr. J. J. Boex, chairman, believes the group will continue to make good progress in 1979.

The past year was extremely important in the development of the group, and "we are now stronger in product, market and financial terms than at any time in the past," says the chairman.

The order book is buoyant and following the D'Hooge acquisition in January only about a third of the business will be in the UK, with the balance spread widely over the rest of the world.

As reported on January 17 with details of the rights issue and the D'Hooge acquisition, profits before tax for the year ended November 30, 1978, rose from £716,921 to £1,033m on sales of £16.12m (£10.01m).

Conditions in the UK were generally satisfactory, and the garment and rental hire operators, and the dry cleaners, saw a steady increase in their business.

# King & Shaxson

Limited  
52 Cornhill EC3 3PD  
Gilt Edged Portfolio Management Service Index 53.78  
Portfolio I Income Offer 87.21  
Portfolio II Capital Offer 141.83  
Aid 141.15

# Isle of Man Enterprises

An increase in pre-tax profits from £70,839 to £82,435 in the year to October 31, 1978, is reported by Isle of Man Enterprises, which rents self-catering holiday chalets and receives rents from certain shops and office lettings.



# The Directors of Unilever announce the Companies' provisional results for the fourth quarter and for the year 1978, and their ordinary dividend proposals. The results are subject to completion of the consolidated accounts and audit.

**Exchange Rates**  
As has been our practice throughout the year the results for the fourth quarter and the comparative figures for 1977 have been calculated at comparable rates of exchange being based on £1 = Fl. 4.36 = US\$ 1.91, which were the closing rates for 1977. Profit attributable to ordinary capital for the fourth quarter 1978 has also been recalculated at the closing rates for 1978 being based on £1 = Fl. 3.99 = US\$ 2.03 which will be used for the Annual Accounts 1978.

The results and earnings per share for the full year 1978 have been calculated at the closing rates for 1978. The 1977 figures for the full year are based on the closing rates for 1977. The trends are therefore influenced by the changes in exchange rates during the year. For comparison purposes the trends have also been shown based on comparable rates of exchange.

Combined Results (£ millions)		Increase/(Decrease) Chasing Rates		Increase/(Decrease) Comparable Rates	
Fourth Quarter 1978	Fourth Quarter 1977	1978	1977	1978	1977
2,599	2,319	12%			
1,083	1,036				
1,516	1,283				
<b>SALES TO THIRD PARTIES—Combined</b>					
			9,842	9,147	8%
		—Limited	4,004	3,958	
		—N.V.	5,838	5,189	
161.9	127.2	27%	598.8	540.8	11%
(11.3)	(13.5)		(12.6)	(9.6)	13%
13.8	15.9		64.7	59.1	
2.6	(0.1)		3.5	7.0	
(13.7)	(12.9)		(46.7)	(41.6)	
(14.0)	(9.8)		(51.0)	(43.1)	
0.3	(3.1)		4.3	1.5	
153.3	116.6	31%	607.7	549.7	11%
(71.3)	(43.4)		(276.6)	(243.0)	
(5.6)	(7.3)		(31.3)	(27.6)	
(4.2)	1.0		(5.1)	(0.2)	
(1.1)	(0.7)		(3.0)	(0.7)	
(3.5)	(3.9)		(21.0)	(20.2)	
(2.5)	(2.9)		(17.0)	(16.5)	
(1.0)	(1.0)		(4.0)	(3.7)	
67.6	62.3	8%	270.7	258.0	5%
(5.8)					8%
61.8	62.3	—(1%)	270.7	258.0	5%
40.7	41.1		150.6	150.9	
21.1	21.2		120.1	107.1	
16.64p	16.78p	—(1%)	(106.1)	(94.7)	
			(35.5)	(31.9)	
			(70.6)	(62.8)	
			164.6	163.3	
			72.87p	69.47p	5%
					8%

**Results**  
Results in 1978 were considerably affected by fluctuations in exchange rates. The impact was especially adverse in the fourth quarter. As well as the United States dollar, other currencies which weakened against sterling were the Brazilian cruzeiro, the Indonesian rupiah and the Nigerian naira.

**Fourth Quarter**  
In the fourth quarter of 1978 total sales value was 12% higher than in the corresponding quarter of 1977. Of this about 7% arose from increased volume, 2% of which came from National Starch.

In Europe, nearly all product groups contributed to the higher operating profits.

In North America, there was an increase in operating profit due to the contribution of National Starch for the full quarter.

Sales and profits in most countries outside Europe and North America continued to be good.

Non-recurring items included provisions for the costs of re-organisation in our transport business, in our paper, plastics and packaging businesses in Europe, and in Lever Brothers in the United States. Taxation was higher than the unusually low figure in the corresponding quarter of 1977.

**The Year**  
For the year as a whole, total sales value rose by 8% at comparable rates of exchange. The volume increase was some 3%.

In Europe, the operating profit of most product groups, apart from toilet preparations and our paper, plastics and packaging businesses, improved considerably over 1977.

In North America, results of our businesses there were affected by heavy expenditure for the launching of new products.

In most other countries outside Europe and North America, profits were considerably above those of 1977. UAC International again did well, but profits in Nigeria began to decline towards the end of the year.

**Dividends**  
The Boards today resolved to recommend to the Annual General Meetings to be held on 16th May, 1979, the declaration of final dividends in respect of 1978 on the Ordinary capitals at the following

Shareholders are reminded that for the purpose of equalising dividends under the Equalisation Agreement the United Kingdom Advance Corporation Tax in respect of any dividend paid by LIMITED has to be treated as part of the dividend. If the rate of United Kingdom Advance Corporation Tax is changed from the current rate of 33/67ths before payment of the dividend now recommended has been completed, the figures now announced will be adjusted accordingly and a further announcement made.

The Report and Accounts for 1978 will be published on 25th April, 1979.

ON INSTRUCTIONS FROM LAND SECURITIES (MANAGEMENT) LIMITED.

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THE growth to continue

LORD THORNEYCROFT, chairman of Trust House Forte, says in his annual statement that the good results of last year—when pre-tax profits increased 46 per cent to £55.5m—have continued into the current year, and the directors are optimistic that these levels of trading will be maintained.

held at Grosvenor House on April 2 at noon, it is proposed to change the name of the company to Trusthouse Forte.

Coats Patons improving in Australia

A 15 per cent increase in profits from A\$8.1m to A\$9.26m for 1978 is reported by Coats Patons, the Australian textile group, 54 per cent owned by Coats Patons.

The directors say the results represent a further recovery from the low point of 1974 and 1975 and was mainly due to widespread productivity improvements arising from substantial rationalisation and investment in modern machinery.

Prestige Group ready for expansion

IN HIS annual review, Mr. D. J. T. Lawman, chairman of Prestige Group, tells shareholders that efforts will be directed towards the maintenance of the group's continuing progress; "the group has the brand names, the products and the distribution network to take advantage of all opportunities that may occur at home and abroad."

and Germany, and the selling branch in Holland, all reported increased sales in 1978, the chairman states, but the Spanish subsidiary experienced difficult trading conditions, with lower figures as a result.

43 companies wound up

Orders for the compulsory winding up of 43 companies have been made by Mr. Justice Vinelott in the High Court. They were: Bedford Ceilings, Formnew, Priorhouse Enterprises, Arton Development Co., Steper Fashions, Brunleys Engineering (Milton Keynes), Domestic Sales (Sussex), Holland-Martin Parker Enterprises, Lancellet, Alderman Navigation Corporation, F. A. W. Smith, J. & B. Lynch (Builders), Imperial Coalings, Island Security Kent, Thakar Singh and Sons, Archstan Builders, Cordstart, Derck Martin Car Sales, Lockrise, Bremville Engineering, Gayville, B and L Scaffolding, Circlex, NS Building, Consultancy, Wilprost Securities, EFM (Fabrications), Patrore, Superior Seating, HMH Fibreglass Fabricated Products, Atoll Chertering and Forwarding, Tartansale.

time, reflecting the directors' decision to take less in the way of low margin longer term loans and to continue to concentrate on special energy finance.

New life plan from EIO

A new form of life assurance for the self-employed and others in non-pensionable employment has been launched by the Ecclesiastical Insurance Office. This is a Family Income Plan, providing regular payments to dependants from the date of death of the investor to the end of the period selected.

During 1979 they expect additional production-related loan opportunities to sustain the company's momentum.

Intl. Energy Bank expands

Profits for 1978 of International Energy Bank advanced 20 per cent from \$94,471 to \$1,185,560, after tax of \$1,277,053 compared with \$1,080,580.

The investor, every two years, has the option of increasing the level of benefits, with a corresponding rise in premiums up to 25 per cent of the existing benefit level. This facility, believed to be unique, enables the investor to maintain the level of protection, whatever his state of health, against inflation.

Bank of Ireland announces that the following rate will apply from and including

7th March, 1979

Base Lending Rate 13% per annum

Bank of Ireland

De Beers lifts profit by 31.8 per cent

BY PAUL CHEESBRIGHT

DE BEERS CONSOLIDATED MINES, the major force in the international gem diamond market both as producer and as a sales agent through the Central Selling Organisation, yesterday announced a 31.8 per cent increase in 1978 net profits and declared a markedly higher final dividend.

Net profits for 1978 were R750.58m (£440m) against a revised R573.5m for 1977. The final dividend is 45 cents (26.3p) a share, bringing the total for the year to 65 cents, 23.5 per cent higher than the 52.5 cents paid to shareholders for the 1977 financial year.

The buoyancy of the figures reflects an exceptionally strong year for diamond sales and follows inevitably from the record sales figures announced in January by the CSO, which handles rough diamonds not only from the De Beers mines but from other producers too, accounting for about 85 per cent of the stones flowing on to the international market. CSO sales in 1978 were worth R2.2bn, compared with R1.8bn in the previous year.

Broadly, the results were in line with the upper end of market expectations, and the shares, in late trading, recovered from early weakness induced by the military situation in Namibia and Angola to finish 6p higher at 456, the day's best.

What the market could not anticipate, however, was that De Beers would change some of its accounting practices. Capital expenditure for the maintenance of mining facilities has been charged against the diamond account, while diamond export duty has been charged, as part of tax expenses and not, as in previous years, against the diamond account. All the 1977 figures have thus been restated.

Total dividend payments for 1978 are covered 3.16 times by the earnings per share of 206.5 cents (compared with 156 cents in 1977), and the cost of the payments at R233.86m is only slightly less than the R234.12m which accrued from interest and dividend income.

The group's dividend policy therefore continues to be conservative, even allowing for the restated earnings which have taken place in recent years. The 1978 total of 65 cents is 12.5 cents more than that of 1977, which was itself 17.5 cents higher than in 1976.

The explanation probably lies in the cautious attitude with which De Beers is approaching diamond marketing prospects for 1979. With a global speculative market which characterised secondary market trading this time last year, now dimmed, the chances of a further surge in rough diamond demand look less. At present there is a surplus of small stones on the polished

MINING NEWS

De Beers lifts profit by 31.8 per cent

market, but high quality, large stones are in short supply. Therefore there has been an incentive to build up the cash balances, which at the end of 1978 stood at a huge R1.29bn after R688.14m at the end of 1977. Two years ago, the group indicated that it needed a cash balance of about half the amount of the value of CSO annual sales to be sure of having enough resources to withstand a market downturn. The present level meets this need.

At the same time it looks as if the group's diamond stocks remain at a low level. Although the quantity and quality of the stones held are not known, their value at the end of last year was R255.6m, not significantly higher than the end-1977 figure of R220.7m given the rise in the money value of the stones over the past year. The stocks were, in any case, run down in 1977.

The directors also state that the policy of declaring only one dividend a year is to continue. The 1978 dividend was declared in December solely to obviate paying undistributed profits tax.

See Lex

Good year for Union Corpn.

BEST expectations are matched by the 1978 results of South Africa's Union Corporation mining and industrial group. Net earnings have advanced to R82.5m (£38.6m) from R37.7m in 1977 and the net dividend is raised to 32 cents (18.8p), making 49 cents for the year, against 38 cents for 1977.

have weathered a flat period in the South African economy remarkably well and it looks as though they will do no worse in the current year. Income from the group's important platinum and gold interests remains in the rising phase while the recent improvement in the previously depressed market for mineral sales brightens the picture for the 30 per cent interest in the big Richards Bay-Minerals complex in South Africa and also the 49 per cent stake in the U.S. Cudgen RZ. Looking further ahead the group's R200m Beisa Mines platinum-gold property in the Orange Free State could reach production earlier than thought, possibly in the first half of 1982. A share offer is to be made in due course. At 348p, Union Corporation shares now yield 7.9 per cent, an attractive return in view of current year's prospects. The group is controlled by General Mining which is due to announce its results today.

RAND LONDON

Rand: London Corporation announces a 34 per cent increase in taxed profit, attributable to shareholders of R1.2m (£0.7m) for the six months ended December 31, 1978, compared with R902,000 in the comparable period of 1977.

The directors forecast earnings of 33 cents a share for the current financial year which is in line with the forecast made at the time of the rights issue and also takes into account the shares to be issued and to be sold to partly fund the acquisition of Anglo Minerals, announced last week.

The acquisition, which will cost

BIDS AND DEALS

Dalgety steps in for Winchcombe Carson

BY TERRY OGG

The Australian subsidiary of Dalgety has made a £7m agreed cash offer for the rural agency and woolbroking operations of a major rival, Winchcombe Carson.

The offer comes hard on the heels of an unwelcome offer valuing the whole of Winchcombe at £7.3m—from the Australian based Industrial Equity Group. It also follows the sale by the latter of the majority of Dalgety Australia's wine and spirits division to Seagram (Australia), a subsidiary of the Canadian based Seagram group, for a consideration around £7m.

According to Mr. Andrew Turor, Dalgety group chief executive, talks on the merger

have been going on for 15 months. "We operate in 43 common centres in Australia so we ought to be able to do the same volume of business with a reduced capital investment."

The main attraction for Dalgety is the substantial increase in woolbroking that will flow from the deal. It curbs a year from operations in three States. Winchcombe handles 130,000 bales from operations in Queensland and New South Wales.

"We will initially be taking a number of wool stores," Mr. Turor said. "But basically the exercise is to achieve a greater volume through our own stores. As well as the rural agency

BIDS AND DEALS

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network and the woolbroking the company will be taking on further £2.3m in pasture advances. Dalgety has, in the past few years, run its advance portfolio down from around £24m to £9.5m. The increase is not, according to Mr. Turor, significant.

Dalgety Australia has gone to assets rather than shares, based as they are on a substantial loss available that may not necessarily flow through if it acquired shares.

The move follows substantial rationalisation in the Australian pastoral scene in recent months as the various groups reorganise to take advantage of improved sheep and cattle prices.

Rossminster will make careful review of Jacksons operations

In its formal offer document for Jacksons Bourne End, the Board of Rossminster Holdings states that it intends to review carefully the operations of each division to determine whether measures can be taken to improve profitability of each of them; success in this could only be of benefit to both shareholders and employees.

Rossminster points out that the fortunes of the several trading operations have been mixed over the years and when "good results have been achieved they have usually been negated by poor results from one or other of the remaining divisions."

The bidder also makes it clear that it will continue the present Board's policy of taking measures designed to maximise the use of Jacksons' property assets, particularly at the major site in Bourne.

BELHAVEN SELLS THREE HOTELS

Three of the four remaining hotels of Belhaven Brewery Group have been sold for a total of £500,000.

The Royal British at Edinburgh realised £350,000 compared with a book value of £200,000, the Lespark at Grangemouth £250,000 (book value £170,000) and the Palace at Edinburgh £100,000 (book value £100,000).

Both the Royal British and the Palace will remain tied to the Belhaven trade of beers for the next ten years.

GELFER/MYERS

A. and J. Gelfer has acquired J. W. Myers of Leeds for £10,000 each. Myers, which manufactures men's hardware, had a net asset value of £12,101 at March 31, 1978, and in the year to that date it made taxable profits of £95,366.

LAGANVALE

Mereghy Investments, a private company registered in the Isle

BIDS AND DEALS

Dalgety steps in for Winchcombe Carson

of Man, has agreed to acquire for £200,000 a 51 per cent stake in Laganvale Estate, a Dublin based land developer. Under Takeover Panel rules Mereghy must now make a 6p a share offer to the remaining shareholders, but the investment concern says it intends to maintain Laganvale's listing.

Rossminster will make careful review of Jacksons operations

development possibilities at Bourne End but the discussion document issued by the local council is, as yet, no more than a provisional framework of assumptions; it has been put together by the authorities' own planning officers and any possibility of valuable redevelopment on the Bourne site is looking a very long way ahead.

RMC makes first U.S. acquisition

Ready Mixed Concrete, the UK-based building materials group with wide overseas interests, has made its first acquisition in the U.S. with the purchase of Piedmont Construction Company.

RMC declined to reveal the cost of the deal, but the purchase price is thought to be approaching £1m. Piedmont, based in North Carolina, operates several ready mixed concrete plants.

RMC already has operations in Germany, Austria, Belgium, Eire, Hong Kong, Israel, Spain and the West Indies. In the first half of last year these overseas operations—with many the major contributors—contributed operating profits of almost £4.8m out of a total group operating profits of £13.7m.

Berjuntai's new dredge

A NEW tin dredge costing some \$532m (£47m) is to be built by Berjuntai Tin as part of its joint venture deal with the Selangor State Government.

As already reported, Berjuntai is to get back the mining leases that were recently given to the State-owned Kumpulan Perangsang Selangor and will no longer pay the latter a tribute of 10 per cent for working them.

MINING BRIEFS

PAHANG CONSOLIDATED—Output of iron concentrates produced and sold for the month of February amounted to 108 tonnes (January 107 tonnes).

OIL AND GAS NEWS

Baltimore Canyon leases sale below expectations

APPARENT winning bids at the second sale of oil and gas leases in the Baltimore Canyon area on the mid-Atlantic continental shelf totalled \$42.7m. Total bids amounted to \$66m on 44 of the 109 tracts offered.

An official of the U.S. Interior Department said the amount and value of bidding was below expectations but the sale was not disappointing.

At the first sale of Baltimore Canyon leases held in 1976, 410 bids totalling \$3.5bn were received and the value of accepted winning bids was \$1.1bn. The highest bid received in the latest sale was \$6.4m by a group headed by Tenneco for Block 94.

In the latest sale 649,967 acres were offered, compared with 374,750 at the 1976 sale. Sixteen wells have been drilled in the Baltimore Canyon since 1976, nine of which have been proved dry, while one natural gas discovery has been made by Texaco.

Corporation, is considering taking a greater stake in the oil and gas industry in Canada and is evaluating a number of potential opportunities for acquisitions, both individual companies and assets, reports Robert Gibbons from Montreal.

Talks are going on with several companies, including Canada Resources, which is already holding a 25 per cent interest. Talks with Coseka, based in Calgary, concern a possible combination of assets but no agreement has been reached.

Princo's main asset is cash following the nationalisation, three years ago, of its Churchill Falls Labrador Corporation subsidiary.

In line with its Canadian oil and gas acquisition policy, Toronto-based Norcen Energy Resources has made an agreement to acquire the Canadian assets of Reno-based Miami Oil Producers Inc. for U.S.\$26.5m (£13.1m) plus a 2.75 per cent overriding royalty.

Properties to be acquired include varying interests in about 112 natural gas wells and in 276,000 net acres of petroleum and natural gas rights. They are mainly in a broad area 100 miles north and east of Edmonton, but Norcen says that major production will be from the lands in the Boyer gas field in northwest Alberta.

BP Canada and Occel Industries say further drilling is necessary to evaluate their 50-50 owned gas discovery in the Sakunika Region of northeast British Columbia.

Drillstem testing in one formation at an interval of 1.814 to 1.878 metres flowed gas to surface "immediately" at rates of up to 371,800 cubic metres per day or 20.3m cubic feet per day.

BIDS AND DEALS

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Rossminster points out that the fortunes of the several trading operations have been mixed over the years and when "good results have been achieved they have usually been negated by poor results from one or other of the remaining divisions."

The bidder also makes it clear that it will continue the present Board's policy of taking measures designed to maximise the use of Jacksons' property assets, particularly at the major site in Bourne.

Control of the fibre-board converter is already vested in Rossminster's Dawngrange investment holding subsidiary after the purchase of a near 30 per cent stake last month at 100p. Rossminster therefore owns 58 per cent and is bidding for the outstanding equity at 100p.

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LAGANVALE

Mereghy Investments, a private company registered in the Isle

GRE £4m American purchase

The main U.S. operating subsidiary of Guardian Royal Exchange Assurance, Triton Inc., has announced the acquisition of Fiduciaries Inc., a Milwaukee financial services holding company, for approximately US\$8m (£4.1m). The principal subsidiary of Fiduciaries is Tower Insurance Company, a property and casualty insurer based in Wisconsin.

GRE is a major UK insurance composite operating in most parts of the world but with very little involvement in the U.S. At the time of the formation of the merged company ten years ago, the U.S. operations of the previous companies had not, with one exception, been successful.

So at the time of the merger which formed GRE, the U.S. operations were held in suspense except for Triton, the parent of Alben Insurance and Atlas Assurance Group of America. These companies have operated successfully over the past years on a specialist basis accounting for about 2 per cent of GRE worldwide non-life premium income.

REED LUMBER

Reed Paper announces that the proposed sale of its lumber business to Alps Lumber Inc. is expected to close shortly, but not include an assignment of the outstanding series "A" debentures of Reed Lumber.

Subject to the closing of the sale, Reed Lumber will redeem about \$4m in debentures cur-

BIDS AND DEALS

Dalgety steps in for Winchcombe Carson

network and the woolbroking the company will be taking on further £2.3m in pasture advances. Dalgety has, in the past few years, run its advance portfolio down from around £24m to £9.5m. The increase is not, according to Mr. Turor, significant.

Dalgety Australia has gone to assets rather than shares, based as they are on a substantial loss available that may not necessarily flow through if it acquired shares.

The move follows substantial rationalisation in the Australian pastoral scene in recent months as the various groups reorganise to take advantage of improved sheep and cattle prices.

Rossminster will make careful review of Jacksons operations

In its formal offer document for Jacksons Bourne End, the Board of Rossminster Holdings states that it intends to review carefully the operations of each division to determine whether measures can be taken to improve profitability of each of them; success in this could only be of benefit to both shareholders and employees.

Rossminster points out that the fortunes of the several trading operations have been mixed over the years and when "good results have been achieved they have usually been negated by poor results from one or other of the remaining divisions."

The bidder also makes it clear that it will continue the present Board's policy of taking measures designed to maximise the use of Jacksons' property assets, particularly at the major site in Bourne.

Control of the fibre-board converter is already vested in Rossminster's Dawngrange investment holding subsidiary after the purchase of a near 30 per cent stake last month at 100p. Rossminster therefore owns 58 per cent and is bidding for the outstanding equity at 100p.

BELHAVEN SELLS THREE HOTELS

Three of the four remaining hotels of Belhaven Brewery Group have been sold for a total of £500,000.

The Royal British at Edinburgh realised £350,000 compared with a book value of £200,000, the Lespark at Grangemouth £250,000 (book value £170,000) and the Palace at Edinburgh £100,000 (book value £100,000).

Both the Royal British and the Palace will remain tied to the Belhaven trade of beers for the next ten years.

GELFER/MYERS

A. and J. Gelfer has acquired J. W. Myers of Leeds for £10,000 each. Myers, which manufactures men's hardware, had a net asset value of £12,101 at March 31, 1978, and in the year to that date it made taxable profits of £95,366.

LAGANVALE

Mereghy Investments, a private company registered in the Isle

GRE £4m American purchase

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مكتبة الأعمال

CURRENCIES, MONEY and GOLD

Sterling firm; dollar steady

STERLING remained firm in the foreign exchange market yesterday, with its trade-weighted index, as calculated by the Bank of England, unchanged all day...

the day was Y203.85 to Y204.90. PARIS—The dollar improved from early morning levels against the French franc and other European currencies in rather nervous trading...

THE POUND SPOT AND FORWARD

Table with columns: March 6, Day's spread, Close, One month, Three months, % p.a. for various currencies like U.S., Canada, Ireland, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: March 6, Day's spread, Close, One month, Three months, % p.a. for various currencies like U.K., Ireland, Canada, etc.

CURRENCY RATES

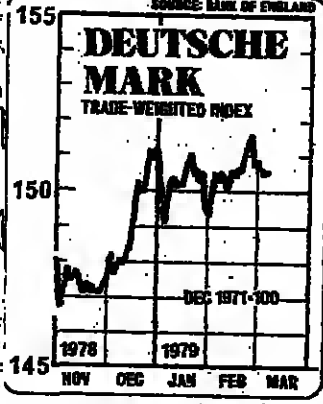
Table with columns: Bank, Rate, Drawing, Unit of Account for various banks like Bank of England, Bank of America, etc.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Guaranty, Index, % change for various currencies.

OTHER MARKETS

Table with columns: Mar. 6, S, Note Rates for various commodities like Argentina Peso, Australia Dollar, etc.



FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8569 against the D-Mark...

EXCHANGE CROSS RATES

Table with columns: Mar. 6, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

TURO-CURRENCY INTEREST RATES

Table with columns: Mar. 6, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian 5, Japanese Yen.

INTERNATIONAL MONEY MARKET

New York rates steady

Trading remained quiet yesterday with interest in Treasury bills at a very low level. Thirteen-week bills were quoted 9.40 per cent, slightly up from 9.36 per cent earlier...

PARIS—Money market rates continued to show an easier trend yesterday, and call money fell to 6 1/2 per cent from 6 3/4 per cent...

AMSTERDAM—Interest rates were generally higher yesterday with call money at 7 1/2 per cent and one-month money at 7 1/4 per cent...

HONG KONG—Conditions were tight initially in yesterday's money market, but eased during the afternoon. Call money was quoted at 11 per cent...

UK MONEY MARKET

Extremely large help

Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979). Day to day credit remained in short supply in the London money market yesterday...

houses at MLR for repayment today. Discount houses were paying around 12 1/2 per cent for secured call loans at the start...

large advances. On the other hand banks brought forward balances a moderate way above target. In the interbank market, overnight loans opened at 13 1/2 per cent...

LONDON MONEY RATES

Table with columns: Mar. 6, Sterling Certificate on deposit, Interbank, Local Authority negotiable deposits, Local Authority bonds, Finance House Deposits, Company Deposits, Discount market, Treasury Bills, Eligible Bank Bills, Fine Trade Bills.

MONEY RATES

Table with columns: NEW YORK, GERMANY, FRANCE, JAPAN, Discount Rate, Overnight Rate, One month, Three months, Six months.

Williams & Glyn's believes businesses should make their bank managers work harder for them

If you have the feeling you're running hard to stay in the same place, you would do well to talk to your local Williams & Glyn's manager. Or, if you think your business is doing well but could do better, you could expect him to help you there, too.

Five ways to more profitable business. 1 Short-term finance, 2 Medium-term loans, 3 International equipment leasing, 4 Investing surplus funds, 5 Instalment credit.

WILLIAMS & GYLN'S BANK LTD. The most flexible of the big five banks. A member of the National and Commercial Banking Group and one of the International Group of Banks.

Victor Products (Wallsend) Ltd. Summary of results (unaudited) for the six months ended 31st October, 1978. Includes turnover, profit before tax, profit after tax, and earnings per share.

The River Plate and General Investment Trust Company, Limited. Salient points from the Annual Report and circulated statement for Mr. T. A. Pilkington. Chairman reports increased Gross Revenue exceeding the £1M mark for the first time...

BUILDING SOCIETY INTEREST RATES. GREENWICH (01-858 8212), LONDON GOLDBANK (01-995 8311). Includes base rate and various deposit rates.

Local authority and finance houses seven days' notice; others seven days' notice. Long-term local authority mortgage rates nominally three years 12 1/2% per cent, four years 12 3/4% per cent, five years 13% per cent...



INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

NORTH AMERICAN NEWS

Surprise purchase by National Steel

BY JOHN WYLES IN NEW YORK

NATIONAL Steel Corporation is making a virtually unprecedented diversification move for a steel company involving the \$243.6m acquisition of United Financial of California, the 11th largest savings and loan association in the U.S.

Key man leaves troubled NBC

BY DAVID LASCELLES IN NEW YORK

THE NATIONAL Broadcasting Company, the lowest-rated of the three major television networks, yesterday announced the resignation of one of its key programming executives.

increasingly on money market certificates as a source for mortgage funds. With assets of \$2.53bn, United Financial's net earnings climbed 16.8 per cent last year to \$28.4m.

three position to the top of the all-important viewer ratings. NBC has made virtually no headway in the important winter season, and Mr. Silverman was reportedly dissatisfied with many of the pilot programmes put together by Mr. Klein.

SECURITY PACIFIC

Californian bank moves out of the shadows

BY MAURICE IRVINE IN LOS ANGELES

THE LOS ANGELES-based Security Pacific Corporation, which is applying to have its common stock listed on the New York Stock Exchange and "may consider" seeking a London listing later in the year, is riding high these days.

doing business with 90 of the top 100 U.S. corporations. Under Mr. Larkin's guidance an international network of offices was created in major trade centres around the world.

Promotion "The average trading price of our common stock," says Mr. Smith, "is now above that of our major competitors."

IC Industries sets record 1978 sales, income and earnings per share.

Table with 4 columns: Item, 1978, 1977, % Change. Rows include Sales and Revenues, Income Before Taxes, Taxes on Income, Net Income, Net Income per Common Share, Common Share Dividends.

Earnings per share increase 21 percent to record \$5.23.

1978 was the third consecutive year IC Industries set new records in sales, income and earnings per share.

Commercial Products has seventh consecutive year of record sales and earnings.

Abex Corporation and subsidiaries make up the IC Industries Commercial Products Group. Automotive products, railroad products, fluid power and castings are the four diversified product lines of Abex.

Consumer Products exceeds \$1 billion in sales to become largest IC Industries group.

Consumer Products, with the inclusion of Pet for five months, posted sales of \$1.1 billion, up from \$475 million in 1977, to make it IC Industries largest group.

IC Industries: Growth by Design.

1978 results again demonstrated the strength, stability and growth in profitability of IC Industries. It's all part of a plan, a plan that's working.

IC Industries Growth by Design.

Dr. Pepper, the soft drinks Dr. Pepper, has been named defendant in an anti-trust suit seeking \$45m in damages, filed against the company and Coca-Cola Bottling of Lake Charles by Bayon Bottling Incorporated.

IC Industries Growth by design.

Polychrome takeover compromise likely

By Richard Hanson in Tokyo

RHONE-POULENC, the French chemical group, which is vying with Dainippon Ink and Chemicals for control of the U.S. Polychrome concern, said yesterday that it would be willing to talk with its Japanese rival on the possibility of a peaceful solution.

Prices have fallen sharply in the secondary market over the past week, though they stabilised somewhat yesterday. The recent 15-year issue for ICL priced at 99 last in January, was quoted yesterday at 99 1/2.

EUROBONDS

Swiss issue volume and yield hopes deter buyers

BY FRANCIS GHILES

THE considerable volume of new issues denominated in Swiss francs continues to depress this sector of the market. Another factor making investors reluctant to buy Swiss franc issues is the hope that coupons will be increased soon.

Meanwhile, Handelsbank NW is arranging a SwFr 75m, 12-year issue for the City of Oslo. The coupon has been fixed at 3 1/2 per cent, and the price is expected to be 99. The amount of this issue could be increased to SwFr 100m.

Prices have fallen sharply in the secondary market over the past week, though they stabilised somewhat yesterday. The recent 15-year issue for ICL priced at 99 last in January, was quoted yesterday at 99 1/2.

Credit Suisse is arranging a SwFr 60m private placement for AEG Telefunken. Terms include a coupon of 3 1/2 per cent for seven years.

These had conditions have led Swiss Bank Corporation to delay announcement of the terms for the SwFr 250m public issue for Australia. This is part of an overall financial package of SwFr 750m, which also includes a fixed rate loan and a private placement.

Two Luxembourg franc denominated bonds are current being arranged. Banque Internationale a Luxembourg is leading a LuxFr 500m eight-year bullet for Euratom. Other terms for this public issue include a coupon of 8 per cent, a price of par.

MEDIUM TERM CREDITS

Italy prepays \$500m Euroloan

BY JOHN EVANS

THE ITALIAN state credit agency, Mediobanca, has prepaid a second large Eurocurrency loan.

also to support Italy's balance of payments. A combination of normal amortisation and early payments has reduced the amount outstanding on this loan to some \$440m, according to bankers.

The strong state of Italy's monetary reserves, now standing at \$25.2bn, explains why the country is willing to repay some of its past foreign debts ahead of schedule.

Elsewhere, Bank of America and Banque Arabe at Internationale d'Investissement arranged a guaranteed facility of 137.5m Saudi riyals (41m of schedule).

The loan carried a spread over interbank rates of 1/2 per cent for the first three years, rising to 1 1/2 thereafter.

Mediobanca arranged a \$1.2bn Euromarket facility in 1974.

The facility will support contracts for Bell of Canada in Saudi Arabia where the Canadian company has responsibility for operation and maintenance of a \$2.9bn telephone system. Societe Generale, the major French nationalised bank, has opened a \$500m credit line for the Mexican Government under a new agreement, AP-DJ report from Paris. The French bank will guarantee export credits destined to finance projects included in last week's French-Mexican Government accord.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobonds published on the second Monday of each month.

Table with columns: U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS, FLOATING RATE NOTES. Includes bond names, issued dates, and prices.

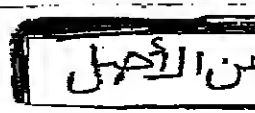
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Wormald earnings improve in first half

By James Forth in Sydney
WORMALD International, the fire protection, security and engineering group, lifted its profit 28 per cent in the December half-year...

The interim dividend is held at 7.5 cents and is covered by an annual earnings rate of 35 cents a share. The shares issued in last December's one-for-five cash issue will not receive the interim...

The directors that said the Federal Trade Commission took no action to prevent a merger between Wormald and Ansil closing on February 12. The Ansil range of fire protection could be expanded worldwide through the Wormald group and Ansil's overseas operations...

The company was continuing to obtain substantial orders in the Middle East and was expanding through the Mather and Platt organisation into Europe. During the December half further progress had been made in the integration of the activities of all sections of the company...

MERCHANT BANKING

A new turn in Malaysia

BY WONG SULONG IN KUALA LUMPUR

MERCHANT BANKING in Malaysia is being pointed in a new direction. In effect, the monetary authorities have told the country's 12 merchant banks that the bonny moon is over...

Merchant banks are new to Malaysia—they first began operations in 1971—and until this year, they have operated under an informal set of guidelines drawn up by Bank Negara, the central bank. In January, amendments were made to bring them under the Banking Act...

The most significant directive affecting the banks since their entry into Malaysia is the recent Bank Negara demand that by the end of 1981, at least 30 per cent of their income must come from fees, as opposed to fund-based income...

At present, fee-based income represents about 25 per cent of total revenue for the industry, but the percentage varies greatly among the banks. Some, such as Aseambankers and Peranian Baring Sanwa (PBS) derive more than 30 per cent of their income from fees...

However, for most of the other banks, fees form only a small part of their income. These banks see the Bank Negara directive as a strong constraint on their growth...

"Although we were given a licence to operate for the past

few years, we actually got down to serious business only 18 months ago," said one merchant banker. "The Bank Negara directive means we have to employ very expensive people to do the time-consuming and less profitable types of business even before we can make ends meet."

Mr. Hussain Najadi, managing director of the Arab-Malaysian Development Bank—the rapid growth of which has resulted mainly from its ability to mobilise deposits and syndicate loans—sees the directive as a challenge which his bank

"Although we were given a licence to operate for the past few years... the Bank Negara directive means we have to employ very expensive people to do the time-consuming and less profitable types of business even before we can make ends meet."

Bank Negara feels that the merchant banks have had a good run and that it is time they began to play the role designed for them. A senior Bank Negara official explained: "When we gave them the licences, we told them what we wanted from them. Our philosophy is that merchant banks are set up to do wholesale banking, while retail banking is left to the commercial banks. What we do not want is merchant banks doing retail banking through the back door."

In the past, and not unnaturally, the merchant banks have been concentrated on the most profitable area—in the money market and in loan syndication. While such operations are necessary to the survival of the fledgling merchant bank, the central bank sees dangers ahead for the whole financial system if merchant banks rely merely on borrowing and lending, particularly if prudence and caution are ignored in the competition for business...

The warning signs are already there. Over the years, merchant banks have increasingly been

harrowing short and lending long. Between December 1972 and September 1978, the proportion of deposits with maturity periods of six months and less have risen from 56 per cent to 85 per cent. At the same time, loans exceeding one year have risen from 9.3 per cent to 55 per cent.

Commenting on such a situation, the last Bank Negara annual report said: "While the merchant banks have been effective at tapping the abundant supply of short term funds within the financial community at relatively low rates, especially over the past three years due to the generally liquid state of the banking system, such a situation cannot be expected to persist."

The statement has proved right by events. Since the second half of last year, bank liquidity has been tightened considerably as commercial banks withdrew large amounts of their short term funds from merchant banks to finance their own credit operations. The result was a perceptible decline in merchant bank lending during the year.

Malaysian monetary authorities feel they have done what the merchant banks had wanted to enable them to get on their feet. "Despite their complaints, merchant banks are operating under liberal rules in Malaysia," said the Bank Negara official.

Rural side boosts Elder Smith

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S largest pastoral house, Elder Smith Goldsbrough Mort achieved an increase of 23 per cent in profits, from A\$1.1m to A\$5.3m (U.S.\$5m), in the December half-year because of the improvement in the rural sector, and the directors are optimistic about the current half year.

Elder Smith has lifted its interim dividend from 4 cents a share to 5 cents on the higher result, which was achieved on a 23 per cent increase in sales, from A\$653m to A\$808m.

The directors said that the principal factors behind the better performances were significantly higher sheep and cattle prices, improved trading in steel and metals distribution, an expansion of international trading operations, a stronger demand for rural merchandise, higher sales volume of rural properties and other classes of real estate and an increase in the profitability of the group's pastoral properties. Costs were reasonably well held during the period.

They added that prospects for the next six months were enhanced, particularly by the current high prices for cattle, sheep and wool and it was expected that results for the full year would be satisfactory.

BML, the major construction and building materials group, expects higher profit for 1978-

78, after lifting sales and profit more than 14 per cent in the December half-year. Group sales rose from A\$89m to A\$102m (U.S.\$114.6m), while earnings moved up from A\$5.1m to A\$5.8m.

The directors said that profit growth in Australia more than offset a deterioration in the performance of overseas subsidiaries, which suffered from a slowing down of construction activities in Malaysia and Indonesia and industrial disturbances and appalling weather conditions in the UK.

The directors considered the profit increase represented further sound growth considering the highly competitive nature of many markets served by the company.

Present markets for all group products showed further improvement although the timber division continued to face depressed prices. The Board believed there were prospects for the year's profit to be higher than that for 1977-78. The interim dividend is held at 7.5 cents a share.

Email profits jump 33%

BY OUR SYDNEY CORRESPONDENT

EMAIL, THE major electrical and industrial equipment group, overcame poor trading conditions to boost group earnings almost 33 per cent from A\$8.2m to A\$8.2m (U.S.\$9.2m) in the year to December 31. The increase carries on from 1977, when, after four years in which earnings moved in the narrow range of A\$3.2m to A\$3.8m, the profit jumped to A\$6.2m and the dividend was increased from 6.5 cents a share to 9 cents.

The dividend has been held at 9 cents but is payable on capital increased by a one-for-five scrip issue. Group turnover rose 5.3 per cent, from A\$180m to A\$190m (U.S.\$213m).

NYLEX CORPORATION, the leading plastics and cables group, continued its recovery in 1978 with a 48 per cent increase in profit, from A\$2.78m to A\$4.12m (U.S.\$4.6m). The latest result virtually restores the earnings level to the A\$4.2m achieved in 1975 before a decline which culminated in a A\$1.7m loss in 1976.

The group returned to profits in 1976 with a result of A\$1.26m. UAC is increasing its interim dividend from 7.5 per cent to 12.5 per cent, while Hume is maintaining its former dividend rate of 6 per cent.

Both companies said that they are currently undertaking investment plans for substantial increases in capacity.

Demand lifts cement makers

BY WONG SULONG IN KUALA LUMPUR

CONTINUED buoyant demand from the Malaysian construction industry has again boosted strongly the half-yearly profits of United Asbestos Cement Berhad and Hume Industries Berhad, two companies which manufacture pipe and other building materials.

Pre-tax profits for the six-month period ending December rose 33 per cent to 9.55m ringgit (U.S.\$4.4m) as United Asbestos, and 22.5 per cent at Hume Industries to 5m ringgit (U.S.\$2.3m).

The profits of UAC were made on a 26 per cent increase in turnover to 32m ringgit (U.S.\$14.6m), while Hume's profits were made on a 10 per cent increase in sales to 41.8m ringgit (U.S.\$19.1m).

UAC is increasing its interim dividend from 7.5 per cent to 12.5 per cent, while Hume is maintaining its former dividend rate of 6 per cent.

Interest plan by Japanese bankers

TOKYO — Twelve major Japanese banks are planning to pay compound interest on deposits by private individuals, possibly starting in December.

Fuji Bank said the 12 agreed on the plan at a meeting of bank presidents. Only the Bank of Tokyo had opted not to be party to the agreement.

The spokesman said that the banks are planning to request Finance Ministry approval in the near future. At present, compound interest accounts are available only at post offices in Japan.

The banks have agreed to set up compound interest for private depositors because of the expected introduction in April of certificates of deposit (CDs) designed mainly for corporate investors and carrying high interest. The banks reason that it is necessary to offer correspondingly high interest to private depositors.

The Finance Ministry is now working on detailed regulations on the issuance of CDs.

The Finance Ministry plans to raise the coupon rate of ten-year national bonds by 0.4 percentage points to 6.5 per cent starting from the March issues, Mr. Ippel Kaneko, the Finance Minister, said.

The Underwriters Association said that the coupon rate of 12-year double-A corporate bonds will also be raised by 0.4 points, to 6.8 per cent from March issues.

The Finance Ministry has informed a syndicate of underwriters that it plans to issue Y700bn of national bonds in March, compared with Y100bn in February, the syndicate said.

The March issues will comprise Y400bn of 10-year bonds to be underwritten by the syndicate and Y300bn of two-year bonds to be bought by the Ministry's trust fund bureau. This will be the first issue of two-year national bonds in Japan. Agencies

Kajima figures

KAJIMA CORPORATION, the Japanese construction group, has reported consolidated net profits of Y13.88bn (\$87.6m) for the year ended November 30, reports Reuter from Tokyo.

No previous figures are available, as the company is announcing consolidated results for the first time. Sales were Y606.94bn (\$300m), and earnings per share Y18.02.

SINKING FUND REDEMPTION NOTICE to the holders of

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 29, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 30, 1979 (unless March 31, 1979 is not a business day) by operation of the Sinking Fund provisions of said Notes \$2,000,000.00 of principal amount of the principal amount of the principal amount of said Notes \$2,000,000.00 of principal amount of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of \$1,000,000 bearing the prefix M to be redeemed in whole.

Table with 10 columns: Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount. Lists serial numbers and amounts for redemption.

Notes in the principal amount of \$1,000,000 bearing the prefix X and the principal amount to be redeemed.

Table with 10 columns: Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount. Lists serial numbers and amounts for redemption.

Notes in the principal amount of \$10,000,000 bearing the prefix X and the principal amount to be redeemed.

Table with 10 columns: Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount. Lists serial numbers and amounts for redemption.

Notes in the principal amount of \$100,000 bearing the prefix C and the principal amount to be redeemed.

Table with 10 columns: Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount. Lists serial numbers and amounts for redemption.

Notes in the principal amount of \$300,000 bearing the prefix D and the principal amount to be redeemed.

Table with 10 columns: Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount, Serial Number, Amount. Lists serial numbers and amounts for redemption.

The above listed Notes selected for redemption (or portion of the principal amount of any Notes to be redeemed in part only) shall become due and payable on March 30, 1979 and thereafter interest thereon will cease to accrue. The aforesaid redemption price payable with respect to the Notes or portions thereof selected for redemption will be paid upon presentation and surrender thereof together with all appurtenant coupons maturing subsequent to March 31, 1979 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment thereof in public and private debts at the option of the holder at Irving Trust Company, Corporate Trust Division, One Wall Street, New York, New York 10015 or at its office in London or at the office of S. G. Warburg & Co. Limited in London or at the office of Banque Internationale a Luxembourg in Luxembourg as provided in paragraph 1 of said Notes subject to the restrictions stated therein.

The holder of any Note which is redeemed in part only upon surrender thereof as above provided may obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Notes of authorized denominations. Unpaid interest installments which shall have become due on or prior to March 31, 1979 (the March 31, 1979 interest installment is payable on March 30, 1979) shall continue to be payable to the holders of the coupons which shall have matured, and the amount payable to the holders of the coupons presented for redemption shall include such unpaid installments of interest unless coupons representing such installments shall accompany the Notes presented for redemption.

GENERAL CABLE INTERNATIONAL N.V. By IRVING TRUST COMPANY, Fiscal Agent

Dated: February 26, 1979, New York, New York

U.S. \$20,000,000 Floating Rate U.S. Dollar Negotiable Certificates of Deposits, due 9th March, 1982. THE SANWA BANK, LIMITED LONDON

Our figures speak for themselves LONSDALE UNIVERSAL UK Sales 28.66m Up 14% Export Sales 1.52m Up 70% Profits (Pre-tax) 1.618m Up 30% Earnings/Ord share 17.29p Up 24% Ord Div (net) 5.1729p Up 10%

Our figures speak for themselves LONSDALE UNIVERSAL UK Sales 28.66m Up 14% Export Sales 1.52m Up 70% Profits (Pre-tax) 1.618m Up 30% Earnings/Ord share 17.29p Up 24% Ord Div (net) 5.1729p Up 10%

U.S. \$50,000,000 Two Year Loan Facility Managed by Orion Bank Limited London & Continental Bankers Ltd. Provided by Associated Japanese Bank, Bank of Scotland, etc.

Centenary Year 1878-1978 Edinburgh American Assets Trust Limited A Growth of Capital Trust 31st Dec 1978 Total Assets £42.8m Net Assets £29.7m Equivalent per share to 146p

Orion Bank Limited London & Continental Bankers Ltd. Provided by Associated Japanese Bank, Bank of Scotland, etc. Agent Bank Orion Bank Limited

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NOTICE

Notes 1980

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WORLD STOCK MARKETS

Wall St. slightly firmer at mid-session

Investment Dollar Premium... Wall Street stocks fluctuated in a narrow range...

Down Jones Industrial Average... The Dow Jones Industrial Average closed at 1,177.77...

Oil prices... Oil prices were mostly stable, with some fluctuations in the market...

Gold, Gold Mining... Gold prices were firm, with some gains in the market...

Japan... Japanese stocks were mixed, with some gains in the market...

Germany... German stocks were mixed, with some gains in the market...

France... French stocks were mixed, with some gains in the market...

Spain... Spanish stocks were mixed, with some gains in the market...

Italy... Italian stocks were mixed, with some gains in the market...

Canada... Canadian stocks were mixed, with some gains in the market...

Tokyo... Japanese stocks were mixed, with some gains in the market...

Hong Kong... Hong Kong stocks were mixed, with some gains in the market...

Amsterdam... Dutch stocks were mixed, with some gains in the market...

Paris... French stocks were mixed, with some gains in the market...

Johannesburg... South African stocks were mixed, with some gains in the market...

Australia... Australian stocks were mixed, with some gains in the market...

London... British stocks were mixed, with some gains in the market...

Stocks... Various stock market news and updates from around the world.

Amsterdam... Dutch stocks were mixed, with some gains in the market...

Paris... French stocks were mixed, with some gains in the market...

Johannesburg... South African stocks were mixed, with some gains in the market...

Australia... Australian stocks were mixed, with some gains in the market...

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Indices

NEW YORK - DOW JONES

Table with columns for Date, High, Low, and Change. Shows Dow Jones index performance from March 1 to March 6, 1979.

STANDARD AND POORS

Table with columns for Date, High, Low, and Change. Shows Standard & Poors index performance from March 1 to March 6, 1979.

N.Y.S.E. ALL COMMON

Table with columns for Date, High, Low, and Change. Shows New York Stock Exchange All Common index performance from March 1 to March 6, 1979.

MONTREAL

Table with columns for Date, High, Low, and Change. Shows Montreal stock index performance from March 1 to March 6, 1979.

TORONTO COMPOSITE

Table with columns for Date, High, Low, and Change. Shows Toronto Composite stock index performance from March 1 to March 6, 1979.

JOHANNESBURG

Table with columns for Date, High, Low, and Change. Shows Johannesburg stock index performance from March 1 to March 6, 1979.

AUSTRALIA

Table with columns for Date, High, Low, and Change. Shows Australian stock index performance from March 1 to March 6, 1979.

PARIS

Table with columns for Date, High, Low, and Change. Shows Paris stock index performance from March 1 to March 6, 1979.

AMSTERDAM

Table with columns for Date, High, Low, and Change. Shows Amsterdam stock index performance from March 1 to March 6, 1979.

BRUSSELS/LUXEMBOURG

Table with columns for Date, High, Low, and Change. Shows Brussels/Luxembourg stock index performance from March 1 to March 6, 1979.

SWITZERLAND

Table with columns for Date, High, Low, and Change. Shows Swiss stock index performance from March 1 to March 6, 1979.

COPENHAGEN

Table with columns for Date, High, Low, and Change. Shows Copenhagen stock index performance from March 1 to March 6, 1979.

MILAN

Table with columns for Date, High, Low, and Change. Shows Milan stock index performance from March 1 to March 6, 1979.

VIENNA

Table with columns for Date, High, Low, and Change. Shows Vienna stock index performance from March 1 to March 6, 1979.

Table with columns for Stock, Mar. 6, Mar. 5, Mar. 4, Mar. 3, Mar. 2, Mar. 1. Lists various stocks and their prices.

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BASE LENDING RATES

Table with columns for Bank, Rate, and Term. Lists base lending rates for various banks.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., Last, and Price. Lists European options exchange data.

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# China's expansion offers West huge opportunity

BY KENNETH MARSTON, MINING EDITOR

THE HUGE industrial transformation planned by the People's Republic of China comes at a time when the world's miners of base metals are only just beginning to emerge from a three-year recession and the oil majors are wondering where their future lies.

China's industrial renaissance is going to call for an unprecedented expansion of her mineral resources. It is in this basic area that China must look to the West for assistance: outdated technology involving masses of semi-skilled labour is no longer good enough.

In spite of the little information available about the extent of the likely mineral deposits, it is known that Chinese exploration technology stands up well by world standards, no doubt because priority was given during the past 30 years to the development of mineral resources.

Indeed, imports of finished metals and concentrates have been relatively small and for some such as tin, tungsten and antimony, surpluses have been available for export. What China needs now is the most modern technology and equipment to develop and expand production of the existing known deposits of minerals and do it rapidly.

China is particularly short of copper, lead, zinc, and the steel industry metal, cobalt. No accurate figures are available, but it is estimated that the country's production of copper was about 100,000 tonnes in 1977, against a full requirement now approaching 300,000 tonnes a year.

Annual output of lead and zinc is also reckoned to be running at about 100,000 tonnes of each metal. Not surprisingly, the mineral projects discussed recently with the Charter-CJB and Seitrust Engineering groups under the mineral agreement signed between the UK and China concerned these four metals.

Discussions with the British companies also concerned a tin development at Kechio in Yunnan Province and a tungsten project at Chengxian in Hunnan Province. China is known to have large deposits of these metals, development of which would open up a valuable export trade.

Other valuable deposits include gold and, possibly, diamonds. During the Maoist régime relatively little attention was paid to them. Now, however, it is said that China's speeding on gold exploration

this year will equal the total for the past 30 years.

So far there are no diamond mines in China, but the precious stones have long been known to exist there. The most recent find was made in December 1977 when a girl commune worker of the Chang Lin brigade in Lin Shu district, Shantung Province, found a huge 188.786-carat diamond while weeding in the fields.

Now called The Chang Lin Diamond, it is the second of importance to be found in the same area of the Province. The discoverer, Wei Zhen Fang, was given a reward of 3,000 yuan (£950) and raised from peasant to worker status while the Chang Lin brigade was given a 24 hp tractor.

Other mineral resources in the People's Republic include big reserves of coal, iron ore and oil. Bauxite (for aluminium) is also there along with manganese, uranium, molybdenum, antimony, asbestos and fluorspar. After concluding a major study in 1975 Dr. K. F. Wang of the U.S. Bureau of Mines commented: "China is one of the world's rich mineral areas, fully capable of supporting a modern first-rank industrial economy."

China's other important asset is a large and intelligent labour force which tends to do as it is told. At the same time the Chinese are anxious to employ skilled technicians from overseas and no demands are made about a high level of employment of domestic workers.

## Options

At this stage the options are wide open. China welcomes assistance from all countries outside the Soviet bloc and, indeed, every major industrialised country is represented in the current rush to do business with the People's Republic. Proposals sought from the Western representatives have gone so far as to include joint ventures.

Of the major deals announced America's Fluor Mining and Minerals has an \$800m open-pit copper complex planned near the Teshing area in Kiangsi Province which could be completed by 1983. It is thought that concentrates from the Teshing mine would be treated at the \$117m copper refinery, with an annual capacity of 90,000 tonnes of copper, which Japan's Sumitomo group plans to build.

U.S. Steel has in mind a \$1.6bn iron ore development

which would fit in with China's aim to double steel production to 60m tonnes a year by 1985.

A West German consortium plans to develop six underground and two open-pit coal mines. Two other collieries and mining equipment come under the auspices of Britain's National Coal Board and Powell Duffryn.

A \$1bn package is represented by the six mining projects which are being shared by the Charter-CJB and Seitrust groups following the latest UK mission. British Petroleum is getting into the Chinese oil exploration rush with a preliminary agreement to drill offshore in the southern area of the Yellow Sea.

Because the options are still open, few, if any, of the major "contracts" have been taken beyond the letter of intent stage to be finally signed and sealed. Several smaller deals have been settled on a cash basis but these can be considered as part of China's normal trading arrangements.

The big question is how China, with her lack of foreign exchange, will pay for the new multi-billion purchases. Huge amounts of credit will have to be made available and a great deal of it may be provided by U.S. institutional lenders.

Such is the country's credit rating that the \$7bn economic co-operation pact just signed between Britain and China is backed by a \$2.5bn line of credit in dollars until 1985 supported by the Export Credits Guarantee Department on behalf of the UK Government. And promises of about \$6.6bn for possible steel projects have been made already by the banks.

Compensation trading — or charter — is also expected to figure in financing China's expansion.

For instance, tentative offers of coal have been made — to the National Coal Board, surprisingly — and offers of Chinese oil may well be accepted despite its wax content. In due course China's resources of tungsten, probably the largest in the world, may come importantly into the charter picture.

There is a fear that the Chinese may have over-reached themselves in their desire to ensure a major industrial advance being achieved over a planned period which looks to be as short as six years. Perhaps the Chinese feel this, too. Certainly, they continue to scrutinise closely the various proposals that are being put to them and the latest UK deal has

been scaled down from the £10bn target set in London.

Although China represents a challenge to the Western companies it also holds the prospect of high reward, a situation in which mining men have always thrived. There also appears to be a refreshing absence of the high financial risks which are a big deterrent to new mining ventures in Western developing countries.

## Damage

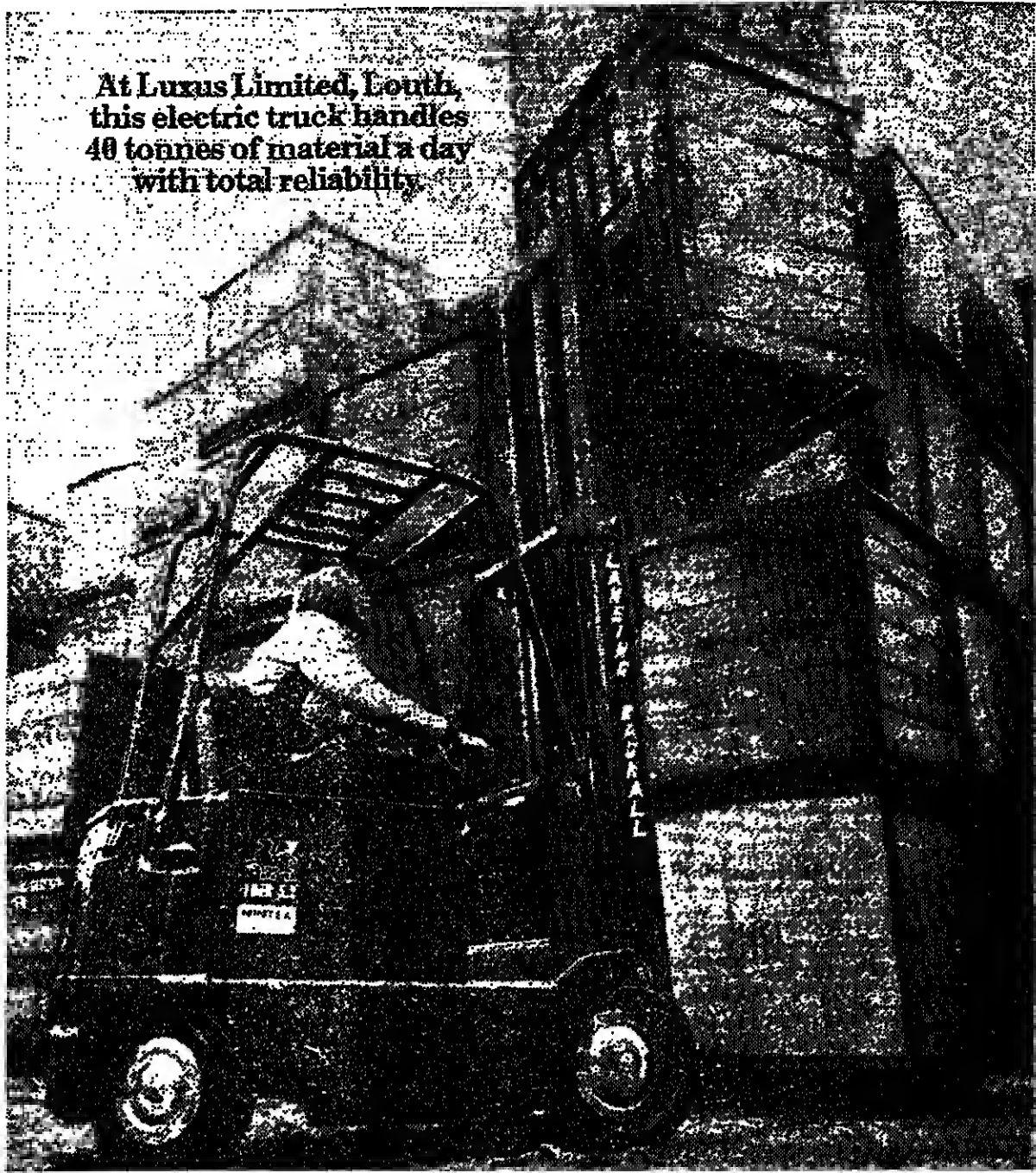
Greatly to the concern of the European Economic Community, which is largely dependent on the developing countries for its future metal supplies for its mining investment in them is at a standstill. Abrogation of operating agreements, insecurity of capital investment and political instability have done as much damage to mine development prospects as have depressed base-metal prices.

Is it possible that the rush in China will alter this stalemate? All that can be suggested is that the current switch of the mining companies' focus of interest to the East must be causing concern in other developing countries anxious for the development of their natural resources now that base-metal prices are recovering.

Only two important new copper mines are due to begin operation this year: La Caridad in Mexico and the Sar Cheshmeh property in Iran whose prospects are clouded by the confused political situation there. Meanwhile, the extent of the recovery in copper and other base-metal prices remains a little uncertain in view of the doubts persisting about the near-term course of the Western economy and that of the U.S. in particular.

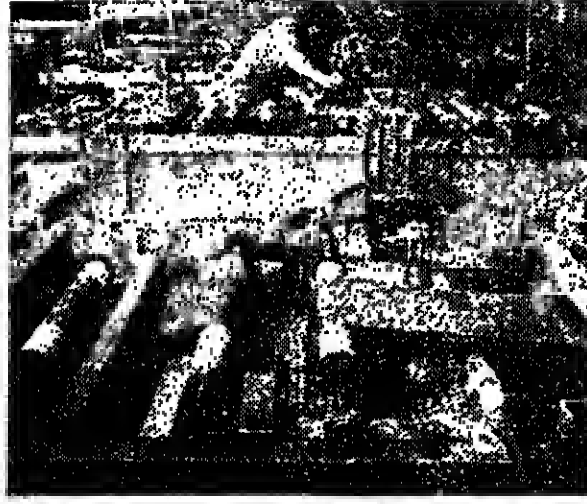
Perhaps the Chinese industrial revival will underpin the metal prices. Existing mines, even in China are not expanded overnight and still less are new deposits developed. Several years will be required for the People's Republic to be self-sufficient in metal.

In the meantime, China will have to turn to the West for supplies and, indeed, the country is already a sizeable buyer of copper. For the Western mining industry now emerging from its years of recession, China could provide an era of prosperity over the next few years. What remains to be seen, however, is what happens when China becomes a net exporter of metal.



At Luxus Limited, Louth, this electric truck handles 40 tonnes of material a day with total reliability.

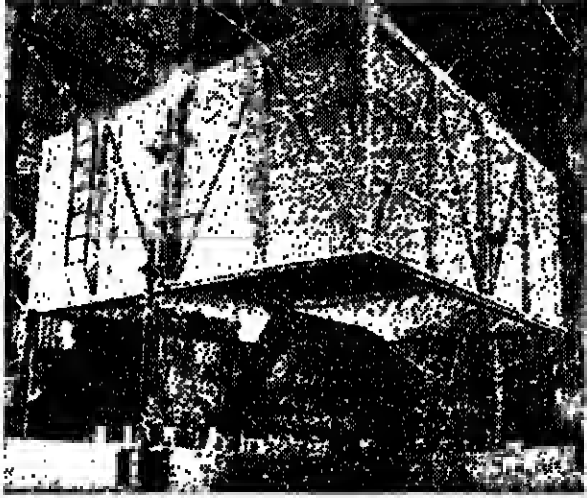
## Electricity gives productivity a lift



Electric vat heating gives Daly Condensers Limited, Weymouth, more economic anodising.



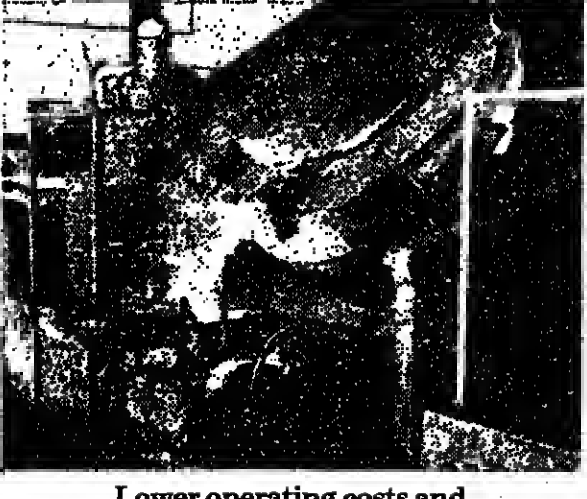
Blaw Knox Limited, Rochester, speed paint drying with electric infra-red oven.



Stainless Metalcraft Limited, Chatteris, cut heat treatment costs by 25% with electric LFM furnace.



Supplementary electric steam raising at point of use saves money for Hall and Hall Limited, Hampton.



Lower operating costs and greater productivity for R Hunt & Co. Limited, Earls Colne, with electric melting.



Electric infra-red cuts curing time by 90% at Compra Trim & Nameplates Limited, Dunstable.

Each of the companies featured in this advertisement can attribute real improvements in its operations to the wise use of electricity. Electricity is clean, flexible, cost-effective power, instantly available at the touch of a switch.

increase your company's efficiency and profitability, get in touch with an Industrial Sales Engineer at your Electricity Board. Alternatively, write to The Electricity Council, Room 2R4, 30 Millbank, London SW1P 4RD for a copy of 'Electricity. Results on application', a new booklet of case histories.

# INVESTELECTRIC

The Electricity Council, England and Wales

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All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / March, 1979



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Province of Ontario  
(Canada)

Thirty Year 9% Debentures Due March 1, 2009

Principal and interest payable in The City of New York in lawful money of the United States of America.

Salomon Brothers

Wood Gundy Incorporated

McLeod Young Weir Incorporated

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Merrill Lynch White Weld Capital Markets Group  
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SoGen-Swiss International Corporation

Daiwa Securities America Inc.

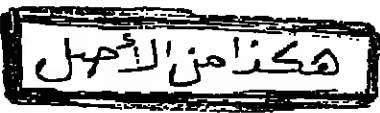
The Nikko Securities Co.  
International, Inc.

Nomura Securities International, Inc.

Yamaichi International (America), Inc.

مكتبة الأهرام





COMMODITIES and AGRICULTURE

Tobacco stocks rise again

By Our Commodities Staff
WORLD PRODUCTION of tobacco exceeded consumption for the fifth year in succession in 1978 according to the new Tobacco Quarterly review, just published by the Common-wealth Secretariat.

Hides dearer but demand falls

By RICHARD MOONEY
HIDES PRICES at yesterday's Birmingham auction climbed to all-time peaks but dealers at last noted some signs that the market might be leveling-off.

Ugandan coffee may be delayed

By Our Commodities Staff
LONDON COFFEE traders confirmed yesterday they had been warned of possible delays in deliveries of Ugandan coffee.

COPPER PACT TALKS U.S. change revives hopes

By BRIJ KHANDARIA IN GENEVA
THE reaction of world copper prices to every word in the China-Vietnam conflict has again highlighted the fragility of the copper market and the need to strengthen its foundations.

BSC will consider farm claims

By a Correspondent
THE BRITISH SUGAR CORPORATION has agreed to consider individual claims for compensation from beet growers who suffered frost damage to their crops.

French grain losses rise to 2m acres

By CHRISTOPHER PARKES
THE TOLL of French grain crops destroyed by the January freeze has now risen to 870,000 hectares (2.15m acres) according to official figures just published by the Home-Grown Cereals Authority.

Incentives for Argentine agriculture

By Robert Lindley in Buenos Aires
IN THE WAKE of the Government's 1978-79 budget, the 1978-79 grain harvest may be the biggest in Argentina's history, Sr. Mario Cadenas, Agriculture Secretary, has announced a six-point programme of incentives to maintain the level of agricultural production.

EEC doubts on copper aid plan

By GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS
EEC FOREIGN Ministers agreed in principle yesterday to consider including in the next Lomé Convention a new system of aids and financial guarantees designed to encourage the development of mineral industries in the developing world.

BRITISH COMMODITY MARKETS

Table with multiple columns listing prices for various commodities like copper, tin, zinc, and lead.

COFFEE

Table listing coffee prices for different grades and origins.

GRAINS

Table listing grain prices for wheat, barley, and other cereals.

PRICE CHANGES

Table showing price changes for various metals and commodities.

AMERICAN MARKETS

Table listing prices for American commodities like sugar, cotton, and oil.

Monday's closing prices

Table showing closing prices for various commodities on Monday.

INSURANCE BASE RATES

Table listing insurance base rates for different types of policies.

PUBLIC NOTICES

Various public notices including council decisions and legal announcements.

SILVER

Table listing silver prices.

Wool futures

Table listing wool futures prices.

Wool futures

Table listing wool futures prices.

MEAT/VEGETABLES

Table listing meat and vegetable prices.

INDICES

Table listing various financial indices.

Large advertisement for 'Should you still hold, add or sell metals?' featuring 'LONDON COMMODITY CHARTS' and 'Will cocoa, coffee, sugar follow?' with contact information for Field, Mackay & Co.



LONDON STOCK EXCHANGE

Public sector wage votes lend weight to equities Long Gilts react but above worst while Shorts end better

Account Dealing Dates

\*First Declared Last Account Dealings Feb. 22 Feb. 23 Mar. 6 Feb. 26 Mar. 8 Mar. 9 Mar. 20 Mar. 12 Mar. 23 Mar. 23 Apr. 3

Equity markets yesterday cautiously mirrored an extension of the previous day's late reaction in the gilt-edged sector and leading shares eased in the early morning trade. However, news that NUPE local authority manual workers had voted to accept the latest wage offer reversed the downturn before noon.

The rally discouraged potential sellers and for a while inquiries from small public investors were fairly numerous for all classes of shares. A steadier tone in the funds also helped sentiment but late in the afternoon a lethargic air settled over the market and the leaders began to drift a shade lower despite a continuation of the rally in gilt-edged.

Some holders of the latter decided to take recently secured large profits in the absence of any overseas interest while others were raising funds necessary for the call of £25 due next Tuesday on the longer of the two Government scrips: a call of an identical amount is due on the short-medium issue, Exchequer 131 per cent 1987, on March 18.

Reflecting this liquidation early falls among the longer maturities were increased to 11 points before the reduced rate on this week's batch of Local Authority Yearling bonds revived hopes about the interest rate structure which has been instrumental in both the foreign and domestic support of Government stocks over the past two weeks.

Once again, the shorts made a more impressive showing than the longs by more than regaining early falls ranging to 1 to 2 points higher on balance with low-coupon issues again to the fore on renewed demand from curtax payers. The longer, down 11 points at one stage, reduced the losses to 1 generally and Treasury 131 per cent 2000/03 closed that much easier at 25 in £15-par form.

After the official close, the equity leaders were in demand from the General and Municipal Workers' Union vote for acceptance of the pay offer and the FT 30-share index went forward again to end 1.6 higher on the day at 486.2. Official markings remained high at 453, indicating the numerous small orders from public sources.

A fresh downturn in the investment currency premium

was cushioned by revived institutional interest at the lower levels and the rate closed only 1/2 cheaper on the day at 801 per cent, after 80 per cent. Turnover as a whole was much reduced on the previous day's scale. Yesterday's SE conversion factor was 0.7131 (0.7054).

Much quieter conditions returned to the Traded Option market yesterday and only 886 contracts were completed compared with the previous day's 1,787 and last week's daily average of 1,456.

The major clearing banks saw a continuation of the previous day's earlier trend which followed rates. Lloyds ended 3 of a 310, after 304p, while Midland gave up a similar amount to 380p, after 388p; the latter's preliminary results are due on Friday, investment currency and domestic market influences prompted falls of around 9 in ANZ, 345p, Hong Kong and Shanghai, 21p, and Bank of New South Wales, 270p.

Interest in the Brewery leaders faded and prices were rarely altered, but scattered demand for secondaries advanced 280p, but Manganese Bronze, down 3 more at 56p, continued to reflect the sharp fall in interim profits. Demand persisted for Staveley which rose 4 further to 257p.

After absorbing early profit-taking, MFI Furniture Centres

rebounded sharply on a resurgence of investment buying ahead of the forthcoming reorganisation and closed a further 30 better at a 1978-79 peak of 320p, after 285p. Greenfield Leisure improved 2 1/2 to 55 1/2 in response to the higher annual profits, while investment demand prompted a rise of 3 to 102p, after 104p, in UDS. Raybeck saw support at 100p, up 4 1/2, while a late flurry of interest helped Gages A close 3 to the good at 338p. Antomated barbed a penny to 70 1/2 in front of today's preliminary results.

Electrical leaders picked up from a dull start and final quotations were a few pence dearer on balance. A fair amount of interest was again shown in GEC which touched 352p after settling at 358p for a rise of 3 on balance. Plessey finished 2 to the good at 118p, the company announced a major redistribution of senior executive responsibilities yesterday as a further step towards decentralisation of its activities.

Profit-taking was evident in some of the recent favourites. United Scientific reacting 10 to 270p and Telephone Rentals 6 to 170p. Losses of around 5 were recorded in Farnell, 455p, Eurotherm, 320p, and Maribon, 250p. Antomated Security however, met support and put on 5 to 127p.

Occasional profit-taking left the Engineering leaders a few pence easier in places. John Brown reacted 4 to 450p, Vickers 2 to 178p. Tubex, however, ended without alteration at 360p, after 358p. Elsewhere, news of the acquisition of Unicomb International stimulated fresh demand for Simons Engineering which advanced 9 further to 280p, but Manganese Bronze, down 3 more at 56p, continued to reflect the sharp fall in interim profits.

Unilever disappoints

On 15 Monday on revived takeover rumours, Bishop's Stores A, in a thin market, advanced 2 1/2 to 136p. The ordinary moved up 2 3/4 for a two-day gain of 46 to 201p. In sharp contrast, profit-taking left speculative favourite Royal Mail down 1 1/2 to 214p. Among quietly traded leading Foods, small offerings clipped 3 from J. Sainsbury at 260p but

late interest prompted a gain of 8 to 236p in Associated Dairies.

Despite a near 15 per cent contraction in annual earnings, Turner and Newall rallied from 156p prior to the announcement to close a couple of pence harder on balance at 162p on relief that the final dividend had been maintained. Unilever registered disappointment with the results and lost 8 to 590p, while falls of 3 were recorded in Glaxo, 535p, Pitington, 307p, and Trafalgar House, 30p. Elsewhere, still unsettled by the controversy surrounding the 10 per cent commission charges, auctioneers Sotheby gave up 6 more to 334p, while Christie's International declined 4 to 145p in sympathy.

Reopened nervousness ahead of the results prompted a reaction of 3 to 260p in Booker McConnell and A&F shed a similar amount to 118p following trading news. Profit-taking after the previous day's Press-inspired leap of 2 1/2 left A. Aronson 7 down at 100p. Buyers came for Marshalls Universal which ended 10 to the good at 159p, while rises of 6 in Radiant Metal, 40p, and Bealson Clark, 204p. Flexello Castors and Wheels added 5 to 62p as did Maynards, to 155p, the latter on high hopes.

Initial modest gains in share prices were subsequently repaid with minor losses across the board and the Gold Mines index consequently showed a further 2.2 fall at 190.0, its seventh consecutive decline. The ex-premium index gave up 0.5 to 114.4.

The South African strike into Angola also affected the Financials. A notable exception, however, were De Beers, which closed 6 higher on balance at

which drifted off to close 8 cheaper at 1048p. Ahead of tomorrow's preliminary results, Shell gave up 6 to 652p.

Among quietly dull Overseas Traders, Gill and Duffus lost 5 at 168p and S. and W. Borlford declined 6 to 194p.

In the Shipping sector, renewed activity was seen in P and O Deferred which rallied to 73p before fresh selling took the price down to a close of 71p for a fall of a penny on balance.

The only movement worthy of note in the South Africans was a reaction of 8 to 177p in Greatmans A following the reduced interim earnings.

The announcement that Sime Darby has increased its shareholding in Guthrie to nearly 30 per cent and are confident of acquiring a further 10 per cent pending shareholders' approval on April 2 prompted a reaction in the latter's shares of 3 to 518p which is around 9 below Sime's alternative cash bid.

After staging a good rally in the morning reflecting the steadier tone of the bullion price, which was finally 87.5 cents firmer at \$239.125 per ounce, South African Golds came under renewed selling pressure following reports that South African jets had attacked alleged guerrilla bases in Angola.

456p, after being as low as 446p on the Angola news, following the excellent results which prompted a fair amount of London and Johannesburg buying.

Union Corporation also performed well, closing unchanged on balance at 348p in front of the sharply higher profits and increased final dividend. On the other hand, Anglo American dropped 10 to 354p, "Johnnies" a half-point to 117, "Angold" 3 to 116 and "Amcoel" 25 to 845p.

Platinum were easier with falls of around 5 common to Impala, 506p, and Rustenburg, 141p. Copper showed minor recovery further 10 off at 195p.

An uncertain trend in overnight Sydney and Melbourne markets coupled with the initial premium in the investment prices caused widespread falls in Australians.

MIM Holdings dropped 10 to 250p and Western Mining 8 to 176p while Bongaiville, 162p, BH South, 128p, Mount Lyall, 58p, and North Broken Hill, 123p, were all around 5 lower.

After staging a good rally in the morning reflecting the steadier tone of the bullion price, which was finally 87.5 cents firmer at \$239.125 per ounce, South African Golds came under renewed selling pressure following reports that South African jets had attacked alleged guerrilla bases in Angola.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs., Fixed Interest, Industrial, Gold Mines, etc. with values for March 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1978, 1979.

HIGHS AND LOWS

Table with columns for High and Low prices for various indices: Govt Secs., Fixed Int., Ind. Ord., Gold Mines, etc.

NEW HIGHS AND LOWS FOR 1978/9

Table listing new highs and lows for various stocks and indices, including Government Securities, Fixed Interest, Industrial, and Gold Mines.

RISES AND FALLS YESTERDAY

Table showing percentage changes in various stock indices and sectors: British Govt., Foreign Bonds, Financial and Prop., etc.

ACTIVE STOCKS

Table listing active stocks with columns for Denom., No., Stock, Denom., No., Closing price, Change, etc.

OPTIONS

Table listing options with columns for Deal, Last, Decla., For, etc.

APPOINTMENTS

Mining post at Turner Newall

Mr. K. H. Dixon, a director of TURNER AND NEWALL subsidiary, TBA Industrial Products, since 1968, has been appointed to the new T and N post of corporate general manager, mining, on April 1. He will be succeeded as deputy chairman and chief executive of TBA by Mr. J. B. Heron, at present that company's managing director.

Telecommunications Board in place of Mr. Trevor Urban who is retiring.

Mr. H. W. Macdonald has been made director of STANDARD LIFE ASSURANCE COMPANY, Edinburgh. Mr. Macdonald, partner of a legal firm in Toronto, was formerly a member of Standard Life's Canadian advisory Board.

Mr. Crawford M. Graham is joining the board of the SANGERS GROUP as chief executive from April 1.

An assistant vice president of the AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION, Mr. Frederic D. Dubois, is to take a new post in London as a member of the newly-formed regional investment banking group. He will be responsible for investment banking activities in continental Europe, the Maghreb, and West Africa.

Mr. Maurice R. Valente, executive vice president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION, has been appointed member of the office of the chief executive and returned to ITT world headquarters in New York. He has been succeeded in Brussels as president of ROTHSCHILD INVESTMENT TRUST by Mr. Gerhard R. Auldinger, an executive vice president.

Mr. John K. Roddy has been appointed financial director of BRITISH BENZOL CARBONISING, which is establishing a new group head office in London. The company has operating subsidiaries in the production of coke and chemicals and transport. Mr. Roddy was previously divisional financial executive with S and R Berkeleys, an international food and commodity group.

Following his retirement from Accl International Inc. U.S. Mr. Hugh J. Allen has resigned as a director of ACLI INTERNATIONAL COMMODITY SERVICES, London. Mr. Thomas C. Iaret, senior vice president and member of the Board of directors and chief financial officer of Accl International Inc. has been appointed a director of AICS.

Mr. David Pappin and Mr. Alan Westmarland will join DE ZOETE AND BEVAN'S stockbrokers gilt-edged department as associated members on March 12.

Mr. D. L. Milne will be leaving the WILMOT BREEDEN GROUP and resigning from his directorships of Wilmot Reedden (Holdings) and associated companies on May 16. Mr. Milne decided to make this move some time ago and it has no connection with the current negotiations with Rockwell International.

Mr. Ray Morgan has been appointed manager of BARCLAYS BANK'S Stock Exchange branch. He succeeds Mr. Reginald Todd who will be retiring after 41 years' service.

Mr. R. S. Wilkins, the senior partner of Wedd, Durlacher, Mordaunt and Company, will join the Board of ROTHSCHILD INVESTMENT TRUST when he retires from WDJ on April 30. Mr. Michael Broke and Mr. Richard Brown have been appointed directors of Rothschild Investment Trust.

Mr. Duncan A. Ferguson, a joint general manager of the BANK OF SCOTLAND (resident in Glasgow) retires on April 15 and is succeeded by Mr. James M. McMillan, an assistant general manager, branch administration, west area. Mr. Robert Scott, a joint general manager of the Bank (resident in Edinburgh) retires on May 31 and is succeeded by Mr. Ivan R. S. Robson, an assistant general manager, branch administration, east area.

The Transport Secretary has appointed Mr. G. S. Lowden as chairman of the DUNDEE PORT AUTHORITY, following the decision of the former chairman, Mr. Chalmers, to stand down as a result of extra business commitments. Mr. Lowden has been on the Board of the Authority since 1975. He is a partner with Thomson McIlkenny and Co.

Mr. Charles H. Moore, a director and deputy chief general manager of the principal companies of the NORTHWICH UNION INSURANCE GROUP is retiring on May 31. He is a former national president of the Chartered Insurance Institute.

LONDON TRADED OPTIONS

Table with columns for Option, Ex. Price, Closing price, Vol., etc. for various options.

RECENT ISSUES

Table listing recent issues with columns for Issue Price, Date, etc.

EQUITIES

Table listing equities with columns for Issue Price, Date, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue Price, Date, etc.

"RIGHTS" OFFERS

Table listing rights offers with columns for Issue Price, Date, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Index No., Day's Change, etc.

FIXED INTEREST PRICE INDICES

Table with columns for British Government, Term, Mar. 6, Day's change, etc.

FIXED INTEREST YIELDS

Table with columns for Term, Mar. 6, Yield, etc.

REDEMPTION YIELD

Table with columns for Term, Mar. 6, Yield, etc.

Redemption yield. Highs and lows record, base dates and values and constant changes are published in Saturday issues. Rate of the constituents is available from the Publishers, the Financial Times, London Cannon Street, London, ECP 48Y, price 15p, by post 25p.

Commercial Bank of Wales Limited advertisement. Includes logo, address (114-116 St. Mary Street, Cardiff CF1 1XJ), and promotional text: 'Base Rate Commercial Bank of Wales announces that, for balances in their books on and after 6th March 1979 and until further notice their Base Rate for lending is 14% per annum.'

Handwritten text at the bottom of the page: 'مكتبة الأصيل'



AUTHORISED UNIT TRUSTS

ES STOCK INDEX table with columns for various stock indices and their values.

Table of Authorised Unit Trusts listing various funds, their managers, and performance metrics.

Table of Insurance and Property Bonds listing various insurance companies and bond types.

Table of Offshore and Overseas Funds listing various international investment funds.

Table of Offshore and Overseas Funds (continued) listing various international investment funds.

NOTES section containing additional information and disclaimers regarding the data presented.



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# FT SHARE INFORMATION SERVICE

## BONDS & RAILS—Cont.

1978-79	High	Low	Stock	Price	%	Yield
23	40	35	Chinese 4 1/2% 1988	124	+1	11.8
24	40	35	Do. 5% 1982	124	—	11.8
25	40	35	Do. 5% 1985	124	—	11.8
26	40	35	Gerrard 4 1/2% 81	124	—	11.8
27	40	35	Green 4 1/2% 81	124	—	11.8
28	40	35	Do. 5% 1985	124	—	11.8
29	40	35	Do. 5% 1988	124	—	11.8
30	40	35	Do. 5% 1991	124	—	11.8
31	40	35	Do. 5% 1994	124	—	11.8
32	40	35	Do. 5% 1997	124	—	11.8
33	40	35	Do. 5% 2000	124	—	11.8
34	40	35	Do. 5% 2003	124	—	11.8
35	40	35	Do. 5% 2006	124	—	11.8
36	40	35	Do. 5% 2009	124	—	11.8
37	40	35	Do. 5% 2012	124	—	11.8
38	40	35	Do. 5% 2015	124	—	11.8
39	40	35	Do. 5% 2018	124	—	11.8
40	40	35	Do. 5% 2021	124	—	11.8

## BANKS & HP—Continued

1978-79	High	Low	Stock	Price	%	Yield
201	203	192	Hong Kong \$2.50	201	—	11.8
202	203	192	Chong Hing	201	—	11.8
203	203	192	Chong Hing	201	—	11.8
204	203	192	Chong Hing	201	—	11.8
205	203	192	Chong Hing	201	—	11.8
206	203	192	Chong Hing	201	—	11.8
207	203	192	Chong Hing	201	—	11.8
208	203	192	Chong Hing	201	—	11.8
209	203	192	Chong Hing	201	—	11.8
210	203	192	Chong Hing	201	—	11.8

## CHEMICALS, PLASTICS—Cont.

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	East & Eward	101	—	11.8
102	103	98	East & Eward	101	—	11.8
103	103	98	East & Eward	101	—	11.8
104	103	98	East & Eward	101	—	11.8
105	103	98	East & Eward	101	—	11.8
106	103	98	East & Eward	101	—	11.8
107	103	98	East & Eward	101	—	11.8
108	103	98	East & Eward	101	—	11.8
109	103	98	East & Eward	101	—	11.8
110	103	98	East & Eward	101	—	11.8

## ENGINEERING—Continued

1978-79	High	Low	Stock	Price	%	Yield
111	113	108	Anglo Saver	111	—	11.8
112	113	108	Anglo Saver	111	—	11.8
113	113	108	Anglo Saver	111	—	11.8
114	113	108	Anglo Saver	111	—	11.8
115	113	108	Anglo Saver	111	—	11.8
116	113	108	Anglo Saver	111	—	11.8
117	113	108	Anglo Saver	111	—	11.8
118	113	108	Anglo Saver	111	—	11.8
119	113	108	Anglo Saver	111	—	11.8
120	113	108	Anglo Saver	111	—	11.8

## BRITISH FUNDS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## AMERICANS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## Over Fifteen Years

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## Over Fifteen Years

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## Undated

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## INTERNATIONAL FUNDS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## CORPORATION LOANS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## COMMONWEALTH & AFRICAN BONDS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

## FOREIGN BONDS & RAILS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	11.8
105	103	98	Anglo Saver	101	—	11.8
106	103	98	Anglo Saver	101	—	11.8
107	103	98	Anglo Saver	101	—	11.8
108	103	98	Anglo Saver	101	—	11.8
109	103	98	Anglo Saver	101	—	11.8
110	103	98	Anglo Saver	101	—	11.8

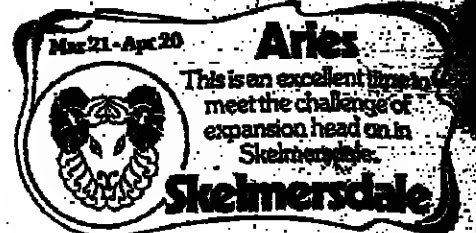
## AMERICANS

1978-79	High	Low	Stock	Price	%	Yield
101	103	98	Anglo Saver	101	—	11.8
102	103	98	Anglo Saver	101	—	11.8
103	103	98	Anglo Saver	101	—	11.8
104	103	98	Anglo Saver	101	—	









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Namibia ceasefire hopes imperilled

THE UNITED NATIONS plan for a ceasefire in Namibia (South West Africa) received a potentially fatal reverse yesterday. South African troops and aircraft raided guerrilla bases in Angola and the South African Government rejected two key elements in the UN proposals. The South African military and diplomatic offensive coincided with the deadline set by Dr. Kurt Waldheim, the UN Secretary General, for a response to his ceasefire proposal. It had been intended to lead to unsupervised elections in the disputed territory. First details of the raids on "identified terrorist bases" of the South West Africa People's Organisation (SWAPO) in Angola were given by Mr. P. W. Botha, the South African Prime Minister and Minister of Defence, in a parliamentary statement. He said the strikes were "limited and reactive." At the same time he emphasised South Africa's rejection of two major "deviations" in the settlement plan for Namibia. That SWAPO bases outside Namibia need not be monitored by UN troops, and that armed guerrillas belonging to the organisation should be allowed to set up bases at "designated points" inside the territory. He insisted nevertheless that South Africa was not slamming the door on further talks.

'Deviation'

The South African reaction, coupled with SWAPO objections to the UN proposals, is likely to lead to more frantic negotiations in New York to renege the March 15 ceasefire date. But Western diplomats in South Africa promised that efforts for a settlement would not be abandoned. The South African defence force gave no specific details immediately on the targets of its raids, but General Magnus Malan, the South African defence chief, said Army and Air Force units were involved. He said the operation was undertaken because "terrorists had concentrated in the border area, from where they launched an aggressive and defiant campaign of terrorism and violence mainly at the local population." In his long and angry statement Mr. Botha said South Africa still supported the Western plan for a settlement in Namibia. But Dr. Waldheim's latest proposals were a serious deviation. He accused the five Western members of the Security Council — Britain, Canada, France, the U.S. and West Germany — of bad faith in their negotiations, suggesting that they deliberately misled his government on the question of allowing SWAPO bases inside Namibia. The accusation brought an equally vehement denial from Western diplomats. Sir David Scott, the British Ambassador and one of the principal negotiators, said he deeply resented it. "We have been doing our best in extremely difficult circumstances to try and reconcile positions which are far apart."

South Africa's formal response to the UN, released by Mr. Botha's Foreign Minister, details provisions on its acceptance of the ceasefire. The key points are insistence on UN monitoring of SWAPO bases, refusal to countenance SWAPO bases inside Namibia, and an election date before September 30.

Chancellor warned against tough, deflationary Budget

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BUDGET on April 3 should be neutral rather than deflationary, the National Institute of Economic and Social Research says in its new quarterly review today. The institute, and independent research body, argues that inflation does not seem to be immediately feasible or convincing as an economic strategy because of the impact of the pay policy breakdown, though there would be a clear case for such action in normal circumstances. But there is "no merit whatsoever in a positively deflationary Budget" since a further increase in unemployment induced by fiscal action would have no discernible effect on the level of pay settlements, so the Budget should be neutral. The review is likely to provide support for those in the Government and the Labour Party who believe a tough Budget would be economically, and politically, damaging, and is in line with a non-monetarist strain of official advice.

COMPARISON OF FORECASTS—1979

Table comparing forecasts from National Institute and London Business School for 1979. Columns include GDP, Consumer spending, Real personal disposable income, Consumer price inflation, Current account, Public sector borrowing, and National Institute assumptions.

The institute's forecasts back up the view of many non-Whitehall economists that Mr. Denis Healey, the Chancellor, and the Treasury have been taking too pessimistic a view of the implications for public sector borrowing of a high level of pay settlements. This estimate is of key importance in determining the size of tax increases or expenditure cuts in the Budget in order to reduce public sector borrowing below the official £8.5bn ceiling in 1979-80. The institute estimates that borrowing will be £8.9bn in 1979-80, assuming a 14 per cent increase in average earnings in the current pay round and an increase in personal tax allowances, but not specific indirect tax rates, in line with inflation in the Budget. The institute attacks the belief that earlier free collective bargaining or a relatively tight monetary policy will control inflation, while also rejecting the current official commitment to a stable exchange rate. It asserts that the very limited gain in terms of

moderating domestic price rises is bought at the cost of significant reductions in exports, output and employment to below what they would be if sterling fell to preserve competitiveness. The institute's economic projections are not far out of line with those of other leading forecasting groups. It envisages a slight acceleration in the rate of consumer price inflation over the next two years, but only up to 11 per cent by the end of 1980. The current account of the balance of payments should be in substantial surplus. But the institute is rather more bullish than other forecasters in projecting further quite substantial increases in living standards and total output this year, but with slower growth next year. Unemployment is projected to rise from under 1.3m at the end of 1978 to 1.4m at the end of this year and 1.6m by December 1980. Details, Page 11. Editorial Comment, Page 18.

Kuwait Neutral Zone oil price up \$1.20 a barrel

BY KEVIN DONE, ENERGY CORRESPONDENT

KUWAIT HAS increased the price of crude oil produced offshore in the Neutral Zone, the Gulf area between Kuwait and Saudi Arabia, by \$1.20 a barrel. The surcharge is the same as that introduced by Kuwait last month for its main 2m barrels a day export crude. Saudi Arabia is thought to have agreed to apply a similar surcharge to its share of offshore Neutral Zone production. Sheikh Ali Khalifa as-Sabah, Kuwait Oil Minister, said yesterday, however, that the surcharge would be incorporated into the Organisation of Petroleum Exporting Countries' overall price structure. The OPEC states are to meet in Geneva on March 26 to discuss world oil supply problems after the turmoil in Iran. But the Kuwaiti Minister said yesterday that the meeting would be purely consultative. It had not been called to make changes in the basic OPEC price structure agreed last December. The meeting was intended to prepare the way for individual member countries to plan their own oil price surcharges in the context of demand in the world market. If supply and demand were more in balance, the surcharges could be lowered or eliminated, Sheikh Ali Khalifa said. However, he expected the world oil market to remain tight for the rest of the year. The OPEC price structure guarantees crude oil prices will rise by a minimum of 14.5 per cent this year in quarterly stages. Several OPEC members, however, have already announced further increases in the first three months of more than \$1 a barrel to take account of the world oil supply shortage due to the loss of Iranian exports in the first 10 weeks of this year. It is likely that most OPEC members will have introduced some form of surcharge by the end of the month after the example set by Abu Dhabi and Qatar. The increases appear certain to be carried through into the second quarter, and could well be pushed even higher, unless world oil demand is cut. The latest crude affected, Neutral Zone offshore production, is operated by the Arabian Oil Company, a Japanese-owned concern which is the only foreign oil company still operating in Kuwait. Royal Dutch Shell Group has bought 320,000 tonnes of Iranian oil at spot prices, the National Iranian Oil Company said. Shell paid between \$18 and \$22 a barrel for the 160,000 tonnes of heavy Iranian crude and an equal amount of light crude, NIOC said.

Japanese mission concludes £54m deal

By Margaret Hughes

JAPAN'S biggest import mission to Britain ended its 10-day visit yesterday with the announcement of firm contracts plus follow-up orders worth £54m. This is equivalent to about 10 per cent of total British exports to Japan last year. The bulk of the purchases, worth £36m, is in the consumer goods and foods fields—but the deal also includes the first order from Japan for Rover 3500 cars. About 1,000 are to be shipped to Japan this year and the mission hopes that this will lead to further imports of the BL car. Though a substantial proportion of the orders were under negotiation before the mission arrived, and it will take up to another six months for many of them to be completed, the £54m total is nonetheless far higher than the UK had expected. Mr. John Smith, Trade Secretary, said in London yesterday that he was "very encouraged by the initial level of orders." He was "even more encouraged" by the fact that Mr. Tachibana Matsuo, the mission's leader and president of Marubeni Corporation, had told the Prime Minister earlier in the day that "this was only the starting line for furthering Anglo-Japanese trade." Yesterday Mr. Matsuo again stressed that the mission's success represented only a start. He expected trade between the UK and Japan to accelerate, and it was now "very important that the initial stimulus is maintained by continuing mutual efforts." During their stay, the missions totalling 107 members, visited 24 cities in England, Wales, Scotland and Northern Ireland, seeing companies, trade organisations and exhibitions attended by some 400 British companies. The delegates were split into five main groups—three product groups, an investment group and a leader's group—which followed different specialist programmes. The most successful in winning immediate orders was the foodstuffs and consumer goods group, which expects contracts totalling about £22m for consumer goods in the next six months or so, and orders of £14m for foods. They include whisky, confectionery, porcelain and ceramics, kitchenware and furniture. New products that attracted the group are reproduction furniture, pictures and room accessories. Mr. Shigeru Okada, this group's leader, who is president of Mitsubishi, Japan's leading department store, stressed however that British exporters would need to "modify and adapt" their products before bringing them to the Japanese market, which is now "near saturation." The textiles group has signed firm contracts worth £4.25m.

Shah to be tried in his absence

BY ANDREW WHITLEY AND ANTHONY McDERMOTT IN TEHRAN

THE DEPOSED Shah of Iran is to be tried in his absence by the country's provisional Government. He has been in exile in Morocco for the past six weeks. The announcement was made yesterday in Tehran by Mr. Amir Entezam, deputy Prime Minister and official spokesman, who said a special court would be set up in a few days to hear charges of "crimes against the people." The trial will serve to unite the whole nation at a time when divisions in the ranks of the former opposition movement are sharpening. It should also distract attention from the administrative impotence of the Government of Dr. Mehdi Bazargan. Mr. Entezam would be one purpose of the trial would be to counter the Swiss Government's refusal to freeze the Shah's assets.

tion laws and segregation in schools. Rallies by groups of modern-minded women, backed by left-wingers and other secular forces are to be held in the capital. Iranians determined to ensure the secular society, were given a powerful boost yesterday with the publication of an 11-point programme by the organisers of the Doctor Mossadegh Memorial Rally on Monday. A new umbrella organisation likely to attract considerable middle class support has been set up under the title of the National Democratic Front. The U.S. aircraft carrier Constellation has been ordered to sail from the Philippines into water near the Gulf in a demonstration of U.S. concern about conditions in the area.

Turner & Newall to axe 1,500

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

TURNER AND NEWALL, the industrial group with many interests, is to reduce its British workforce by 1,500 in an effort to improve domestic profitability. The announcement yesterday accompanied the group's financial results for 1978, which showed a drop of £6.8m in profit before tax to £38.5m on a turnover that increased from £413.8m to £540.7m. The cost of the cutback in employees will be £7.8m, for which provision has been made. The redundancies, amounting to 8 per cent of Turner and Newall's UK workforce, will occur between next month and October at factories in the Midlands and north-west. About 400 jobs will be lost at Streetly, West Midlands, which is part of British Industrial Plastics, and 1,100 at the construction materials divisional plants at Trafford Park and Ditton, in the north-west, and Rhosce, South Glamorgan. The Ditton redundancies involve closure of an entire factory. The division worst affected in job terms is that of building materials, which will greatly reduce its pipemaking capacity. It cut the work force by 350 during 1978. Poor demand from the construction industry is blamed for the rundown.

Continued from Page 1

U.S.-German relations

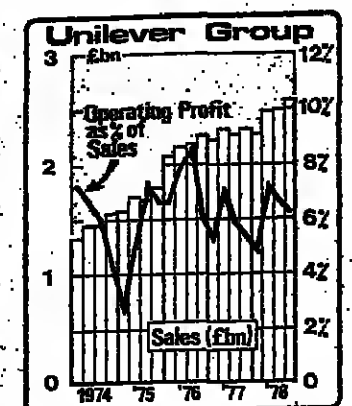
It is believed that the almost simultaneous diplomatic recognition of Peking by Washington and the Chinese intervention in Vietnam will have aroused serious doubts in Moscow about the true intentions of the U.S. At high level in Bonn it is felt that there was a danger of the Chinese intervention escalating to an eventual, limited but successful Soviet strike against China. Such an event would mean not only a worsening of Moscow-Washington relations but probably a marked increase in the effectiveness of Soviet power in regard to developing countries. A further serious danger for détente is seen by the West Germans in the continuing lack of a firm lead from the U.S. on the problem of Soviet "grey zone" weapons. These are the intermediate-range nuclear missiles, not covered by Moscow and Washington in their strategic arms limitation talks, which could reach targets throughout Western Europe. Although Herr Schmidt, the German Federal Chancellor, raised the problem of growing Soviet "grey zone" strength publicly more than a year ago, it is still not clear to West Germans when they can expect a firm strategy answer from Washington, or even that their position is understood.

THE LEX COLUMN

Turner & Newall's year of troubles

Next week the gilt-edged market faces the first of a series of calls on the two partly-paid stocks, and some profit-taking was to be expected. The undertone of the market remains very firm, however, and stags of the long-dated stock are still showing profits of 67 per cent. With equities going better after the close, the All-Share Index might have been up to its record high level if it had been calculated on after-hours prices.

Index rose 1.6 to 486.2



Turner & Newall

Everything seems to have gone wrong for Turner & Newall in 1978. There were strikes in Canada costing £3m, exchange rate moved the wrong way (worth another £1.2m) and, worst of all, the trading picture in the U.K. and Europe proved far worse than expected. So instead of the £50m plus that some brokers had been expecting early last year, T and N's pre-tax profits for 1978 dropped from £45.2m to £38.5m. After a higher tax charge, and £7.6m of extraordinary items (to cover refinancing costs) attributable profits slumped from £15.2m to £9.7m. Since it had only returned for a second year's issue last April it could hardly back down on its promise of a higher dividend and this meant that it had to run into reserves to pay it. This was interpreted as good news by an income-conscious stock market and the shares rose 2p to 162n where they yield 10.6 per cent. T and N's performance looks even more dismal, given that it had the benefit of a full year of Hunt Chemical (worth £31m net) and Stovey Bros. In addition, it had £32m of rights issue money which could have earned close to £7m. However, T and N spent £4.8m on new plant last year (roughly triple the 1976 figure) which resulted in a net cash outflow (leaving aside the rights issue) of £27m and a net financing charge which rose by nearly 50 per cent. All of this occurred against the background of a major downturn in most of T and N's established markets which probably lopped over £7m off pre-tax profits.

Unilever

For 1978 as a whole the Unilever group achieved 3 per cent volume growth in sales. Leaving the poor first quarter aside, real sales growth was 4.5 per cent, which compares well with the 3.1 per cent increase in OECD consumer spending during the year. The most pleasing aspect is that margins have held up well and the volume increase has come through to the bottom line: pre-tax profits were 11 per cent higher at £607.7m after £12.6m of provisions and an adverse currency effect of a similar size. This year the trend of consumer demand in the UK and U.S. is unlikely to be so positive, although spending in Continental Europe should remain relatively buoyant. Packaging and chemicals are still flat, and the group's trouble spots—the North American detergent business, where heavy costs are being incurred, and the British meat side—cannot be expected to show much improvement. The African contribution has become rather unreliable, although the decline in profits from Nigeria may be reversed as higher oil prices refuel the Nigerian economy. Currency movements may not go against Unilever quite so much in 1979, but then the group will be lucky if the oilseed market, remarkably steady last year, is quite as kind to it again. At this early stage it looks as though 3 per cent volume growth in 1979 would be very respectable. The prospect of an end to dividend control in the UK under a Conservative Government is a powerful support for the shares, which now contain 33p—50p gross—of pent-up

dividend. Dividend treatment would also allow the running yield, at present 4.8 per cent on the limited shares at 162n, to be improved substantially. An historic p/e of 7.7 looks cheap against the market, particularly as it falls to a speculative 8.6 if one strips out the dividend backlog and assumes 1979 earnings per share of 60p. But the strength of support over two years has been of interest in Unilever as an investment earner, and the group has to work very hard indeed to maintain the world economy.

De Beers

De Beers reported yesterday on a remarkable year—a 7 per cent rise in diamonds sales, a record price rise in August of 30 per cent, and surpluses to counter speculative hoarding in the diamond trade. So the 32 per cent rise in net profit was up to most expectations while the dividend payment, 65p disappointed some. Earnings of 205.5c per share were depressed by accounting changes, whose apparent aim was to increase the tax charge from last year's rather nominal-looking figure of 29 per cent. De Beers subtracted capital investments from its diamond income, instead of charging them below the line, also added diamond export duties to the tax charge rather than subtracting it at source. The net effect was to make the fit figure more conservative. This year the outlook is a flatter trading performance. Diamond sales have got off less-than-sparkling starts in small polished stones markets in the U.S. and U.K. adjusted rough sales are only 10 per cent higher than last year's. There is a question mark over the U.S. market which normally makes 50 per cent of Central Selling Organisation sales. An early guess is that Rand sales will be maintained this year. This sales plateau could be a weakness for the shares, as largely American buying has tripled the De Beers share price in three years. Although the yield to Americans remains a generous 11.1 per cent, a flat year for De Beers could produce a fickle reaction on Wall Street. The situation in Namibia where De Beers makes one-fifth of its profit, could unsettle the shares, but it seems most unlikely that measures taken by a SW Government could reduce De Beers' net profit by much more than 5 per cent. The shares closed in London at 456p, up 6p, to give a yield of 10.6 per cent on the British investor's 8.25p cent.

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